



ENDORSEMENT BY THE RESPONSIBLE PERSONS

2nd April, 2015

Pursuing Part 1 of Article 21 of the Law on Securities of the Republic of Lithuania and the 28th February 2013 Resolution No.03-48 "Regulations of preparation and announcement of periodical and supplementary information" adopted by the Board of Directors of Lithuanian Bank, we, the undersigned – the Chief Executive Officer of AB "Rokiskio ūris" Antanas Trumpa and the Chief Financial Officer Antanas Kavaliauskas – approve that to the best of our knowledge the audited financial accounting of AB „Rokiskio ūris“ for the year 2014 and the annual consolidated financial accounting 2014, are formed in accordance with applicable accounting standards, are true and show fair assets, obligations, financial state, profit and cash flows of the Company and total consolidated group, and also that the annual report as well as the consolidated annual report show legitimate review of the business development and performance, fair state of AB "Rokiskio ūris" and the Group of AB "Rokiskio ūris", including description of key risk factors and uncertainties which may be met.

Attached: Consolidated audited financial accounting of the Group of AB "Rokiskio ūris" for the year 2014, prepared in accordance with the International Accounting Standards adopted in the EU, also consolidated audited annual report 2014 of AB "Rokiskio ūris" and the company's disclosure of compliance with the Governance Code of the companies whose securities are traded on NASDAQ OMX Vilnius Stock Exchange.

Chief Executive Officer

A blue ink signature of Antanas Trumpa, written in a cursive style.

Antanas Trumpa

Chief Financial Officer

A blue ink signature of Antanas Kavaliauskas, written in a cursive style.

Antanas Kavaliauskas



ROKIŠKIO SŪRIS AB
CONSOLIDATED AND PARENT COMPANY'S
FINANCIAL STATEMENTS,
CONSOLIDATED ANNUAL REPORT AND
INDEPENDENT AUDITOR'S REPORT
31 DECEMBER 2014

Translation note:

This version of the accompanying documents is a translation from the original, which was prepared in Lithuanian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the accompanying documents takes precedence over this translation.

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Independent Auditor's Report

To the shareholders of Rokiškio Sūris AB

Report on the financial statements

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We have audited the accompanying stand-alone and consolidated financial statements of Rokiškio Sūris AB ("the Company") and its subsidiaries ("the Group") set out on pages 5 to 50, which comprise the stand-alone and consolidated balance sheets as of 31 December 2014 and the stand-alone and consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information ("the financial statements").

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company and the Group as of 31 December 2014, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

Furthermore, we have read the consolidated annual report for the year ended 31 December 2014 set out on pages 1 to 83 and have not noted any material inconsistencies between the financial information included in it and the audited financial statements for the year ended 31 December 2014.

On behalf of PricewaterhouseCoopers UAB

A large, stylized handwritten signature in black ink, appearing to read 'Rimvydas Jogėla', is written over the printed name and title.

Rimvydas Jogėla

Partner

Auditor's Certificate No.000457

Vilnius, Republic of Lithuania

2 April 2015

(All tabular amounts are in LTL '000 unless otherwise stated)

Income statement

Group				Company	
2014	2013		Notes	2014	2013
860,613	861,355	Revenue	5	771,887	795,650
(794,311)	(756,095)	Cost of sales		(751,567)	(711,425)
66,302	105,260	Gross profit		20,320	84,225
(46,260)	(38,613)	Selling and marketing expenses	6	(32,920)	(26,984)
(23,097)	(33,866)	General and administrative expenses	7	(16,561)	(24,982)
13,993	24,007	Other income	8	16,643	55,593
(9,422)	(20,200)	Other expenses	9	(9,511)	(20,195)
(2,203)	(361)	Other (losses)/gains	10	(1,683)	(361)
(687)	36,227	Operating profit/(loss)		(23,712)	67,296
(1,397)	(1,157)	Finance costs	12	(1,024)	(722)
(2,084)	35,070	Profit/(loss) before income tax		(24,736)	66,574
760	(2,285)	Income tax	13	3,582	(2,334)
(1,324)	32,785	Profit/(loss) for the year		(21,154)	64,240
Profit/(loss) for the year attributable to:					
(1,324)	32,785	Owners of the Company		-	-
-	-	Non-controlling interest		-	-
(1,324)	32,785			-	-
Basic and diluted earnings/(deficit) per share (in LTL per share)					
(0.04)	0.93		14	(0.6)	1.83

The notes on pages 11 to 50 are an integral part of these financial statements.

The financial statements on pages 5 to 50 have been approved for issue by the Board of Directors on 2 April 2015 and signed on their behalf by the Director and Chief Financial Officer.

Antanas Trumpa
Director



Antanas Kavaliauskas
Chief Finance Officer



(All tabular amounts are in LTL '000 unless otherwise stated)

Statement of comprehensive income

Group			Notes	Company	
2014	2013			2014	2013
(1,324)	32,785	Profit/(loss) for the year		(21,154)	64,240
		Other comprehensive income			
-	-	Gain on revaluation of property, plant and equipment	15		-
-	-	Deferred income tax on revaluation	18		-
-	-	Other comprehensive income for the year			
(1,324)	32,785	Total comprehensive income/(expenses) for the year		(21,154)	64,240
		Total comprehensive income/(expenses) for the year attributable:			
(1,324)	32,785	Owners of the Company			-
-	-	Non-controlling interest			-
(1,324)	32,785				-

Antanas Trumpa
Director



Antanas Kavaliauskas
Chief Finance Officer



The notes on pages 11 to 50 are an integral part of these financial statements.

(All tabular amounts are in LTL '000 unless otherwise stated)

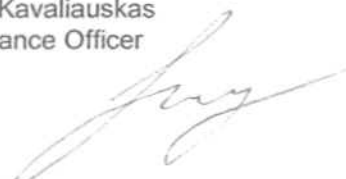
Balance sheet

Group			Company	
At 31 December			At 31 December	
2014	2013	Notes	2014	2013
ASSETS				
Non-current assets				
136,458	148,158	15	91,385	100,508
524	1,023	16	71	117
560	551	17	27,641	28,341
5,359	2,684	18	5,146	2,612
34	1,962	21	-	1,928
8,059	42,781	19	6,491	39,772
150,994	197,159		130,734	173,278
Current assets				
152,097	128,536	20	144,407	119,110
47,470	34,636	19	42,564	31,204
121,265	129,732	21	109,953	139,058
2,688	-		2,688	-
11,483	21,527	22	3,677	17,873
335,003	314,431		303,289	307,245
485,997	511,590		434,023	480,523
Total assets				
EQUITY				
Attributable to owners of the Company				
35,868	35,868	23	35,868	35,868
41,473	41,473		41,473	41,473
40,287	40,287	25	40,287	40,287
(3,868)	(3,868)	24	(3,868)	(3,868)
44,179	55,627	25	32,894	46,230
181,634	175,017		157,495	168,820
339,573	344,404		304,149	328,810
Total equity				
LIABILITIES				
Non-current liabilities				
-	-		-	-
6,171	8,809	18	4,493	6,847
2,691	3,805	27	1,291	1,949
8,862	12,614		5,784	8,796
Current liabilities				
1,695	1,423		-	1,643
54,831	82,187	26	54,831	82,187
1,123	1,307	27	658	795
79,913	69,655	28	68,601	58,292
137,562	154,572		124,090	142,917
146,424	167,186		129,874	151,713
485,997	511,590		434,023	480,523
Total liabilities				
Total equity and liabilities				

Antanas Trumpa
Director



Antanas Kavaliauskas
Chief Finance Officer



The notes on pages 11 to 50 are an integral part of these financial statements.

(All tabular amounts are in LTL '000 unless otherwise stated)

Company's statement of changes in equity

Note	Share capital	Share premium	Reserve for acquisition of treasury shares	Treasury shares	Other reserves	Retained earnings	Total
Balance at 1 January 2013	35,868	41,473	40,287	(3,868)	59,519	94,798	268,077
Comprehensive income							
Profit for the year	-	-	-	-	-	64,240	64,240
Transfer to retained earnings (transfer of depreciation, net of deferred income tax)	25	-	-	-	(13,289)	13,289	-
Total comprehensive income for 2013	-	-	-	-	(13,289)	77,529	64,240
Transactions with owners							
Dividends relating to 2012	25	-	-	-	-	(3,507)	(3,507)
Total transactions with owners for 2013	-	-	-	-	-	(3,507)	(3,507)
Balance at 31 December 2013	35,868	41,473	40,287	(3,868)	46,230	168,820	328,810
Comprehensive income							
Profit (loss) for the year	-	-	-	-	-	(21,154)	(21,154)
Transfer to retained earnings (transfer of depreciation of revaluated assets and disposals of revaluated assets, net of deferred income tax)	25	-	-	-	(13,336)	13,336	-
Total comprehensive income for 2014	-	-	-	-	(13,336)	(7,818)	(21,154)
Transactions with owners							
Dividends relating to 2013	25	-	-	-	-	(3,507)	(3,507)
Total transactions with owners for 2014	-	-	-	-	-	(3,507)	(3,507)
Balance at 31 December 2014	35,868	41,473	40,287	(3,868)	32,894	157,495	304,149

Antanas Trumpa
Director

Antanas Kavaliauskas
Chief Finance Officer

The notes on pages 11 to 50 are an integral part of these financial statements.

(All tabular amounts are in LTL '000 unless otherwise stated)

Group's statement of changes in equity

		Attributable to owners of the Company					
Note	Share capital	Share premium	Reserve for acquisition of treasury shares	Treasury shares	Other reserves	Retained earnings	Total
Balance at 1 January 2013	35,868	41,473	40,287	(3,868)	71,201	130,176	315,137
Comprehensive Income							
Profit for the year	-	-	-	-	-	32,785	32,785
Transfer to retained earnings (transfer of depreciation, net of deferred income tax)	25	-	-	-	(15,574)	15,574	-
Total comprehensive income for 2013	-	-	-	-	(15,574)	48,359	32,785
Transactions with owners							
Dividends relating to 2012	25	-	-	-	-	(3,518)	(3,518)
Total transactions with owners for 2013	-	-	-	-	-	(3,518)	(3,518)
Balance at 31 December 2013	35,868	41,473	40,287	(3,868)	55,627	175,017	344,404
Comprehensive income							
Profit (loss) for the year	-	-	-	-	-	(1,324)	(1,324)
Transfer to reserves	-	-	-	-	2,686	(2,686)	-
Transfer to retained earnings (transfer of depreciation of revaluated assets and disposals of revaluated assets, net of deferred income tax)	25	-	-	-	(14,134)	14,134	-
Total comprehensive income for 2014	-	-	-	-	(11,448)	10,124	(1,324)
Transactions with owners							
Dividends relating to 2013	25	-	-	-	-	(3,507)	(3,507)
Total transactions with owners for 2014	-	-	-	-	-	(3,507)	(3,507)
Balance at 31 December 2014	35,868	41,473	40,287	(3,868)	44,179	181,634	339,573

Antanas Trumpa
Director

Antanas Kavaliauskas
Chief Finance Officer

The notes on pages 11 to 50 are an integral part of these financial statements.

ROKIŠKIO SŪRIS AB
CONSOLIDATED AND THE PARENT COMPANY'S
FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

(All tabular amounts are in LTL '000 unless otherwise stated)

Statement of cash flows

Group				Company	
Year ended 31 December				Year ended 31 December	
2014	2013		Note	2014	2013
		Cash flows from operating activities			
40,059	38,205	Cash generated from/(used in) operations	32	26,735	(11,456)
(1,397)	(1,157)	Interest paid		(1,024)	(722)
(487)	(754)	Income tax paid		-	(115)
		Net cash generated from/(used in) operating activities		25,711	(12,293)
		Cash flows from investing activities			
(22,008)	(39,246)	Purchases of property, plant and equipment	15	(17,143)	(20,670)
(4)	(108)	Purchases of intangible assets	16	(4)	(109)
(316)	-	Disposal of investments (net of cash disposed)	17	700	-
(1,827)	(7,404)	Loans granted to farmers and employees		(1,827)	(7,404)
(16,636)	(25,181)	Other loans granted		(16,637)	(20,181)
398	437	Proceeds from sale of property, plant and equipment	32	195	524
-	889	Government grants received	27	-	889
22,577	21,475	Other loan repayments received		22,577	15,999
-	5,909	Loan repayments from farmers and employees		-	5,918
2,979	2,891	Interest received		2,364	2,320
-	-	Dividends received	33	3,250	30,344
		Net cash (used in)/generated from investing activities		(6,525)	7,630
		Cash flows from financing activities			
(3,507)	(3,518)	Dividends paid	25	(3,507)	(3,507)
578,301	553,217	Loans received		578,301	553,217
(608,176)	(530,157)	Repayments of borrowings		(608,176)	(530,157)
		Net cash generated from financing activities		(33,382)	19,553
		Net (decrease)/increase in cash and cash equivalents		(14,196)	14,890
21,527	6,029	Cash and cash equivalents at beginning of year	22	17,873	2,983
11,483	21,527	Cash and cash equivalents at end of year	22	3,677	17,873

Antanas Trumpa
Director

Antanas Kavaliauskas
Chief Finance Officer

The notes on pages 11 to 50 are an integral part of these financial statements.

ROKIŠKIO SŪRIS AB
CONSOLIDATED AND THE PARENT COMPANY'S
FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

(All tabular amounts are in LTL '000 unless otherwise stated)

Notes to the financial statements

1. General information

Rokiškio Sūris AB ("the Company") is a public listed company incorporated in Rokiškis. The Company's code is 173057512, address: Pramonės g. 3 LT-42150 Rokiškis, Lithuania.

The Company's core line of business is the production and trade in rennet cheese, whey products and skimmed milk powder.

The shares of Rokiškio Sūris AB are traded on the Baltic Main List (RSU1L) of NASDAQ OMX Vilnius stock exchange.

The consolidated group ("the Group") consists of the Company and its two branches, and five subsidiaries (2013: two branches, five subsidiaries and one joint venture). Information on the Group companies and branches is presented below:

	Operating as at 31 December			Shareholding of the Group (%) as at 31 December	
	2014	2013		2014	2013
Branches			Subsidiaries		
Utenos Pienas	Yes	Yes	Rokiškio Pienas UAB	100.00	100.00
Ukmergės Pieninė	Yes	Yes	Rokiškio Pieno Gamyba UAB	100.00	100.00
			KB Žalmargė	100.00	100.00
			Jekabpils Piena Kombinats SIA	100.00	100.00
			<i>SIA Kaunata *</i>	60.00	60.00
			Joint venture		
			Pieno Upės UAB	-	50.00

* These subsidiaries were not consolidated in the Group's financial statements as they were immaterial (see information below).

Kaunata SIA, company code 240300369, VAT payer's code: LV42403003695, address: S. Roga, Kaunatas pag. Rezekne novads.

Results of operations for the year ended 31 December 2014 (unaudited) are as follows:

Total assets: EUR 347,283 (LTL 1,199,099);

Property, plant and equipment: EUR 43,701 (LTL 150,890);

Result of operations: EUR 20,924 (LTL 72,246).

Performance of activities of an associate entity: collection and realisation of milk. The company is the main supplier of raw milk to company Jekabpils Piena Kombinats SIA (subsidiary of Rokiškio Sūris AB).

Kaunata SIA was accounted for at cost.

All the above-listed subsidiaries, joint venture and branches are registered in Lithuania, except for Jekabpils Piena Kombinats SIA and Kaunata SIA which are registered in Latvia.

The Group's and the Company's core line of business is the production of ferment cheese and a wide range of milk products.

The average number of the Company's employees during the year ended 31 December 2014 was 1,074 people (2013: 1,068). The average number of the Group's employees during the year ended 31 December 2014 was 1,665 (2013: 1,720).

ROKIŠKIO SŪRIS AB
CONSOLIDATED AND THE PARENT COMPANY'S
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(All tabular amounts are in LTL '000 unless otherwise stated)

2. Accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The financial statements have been prepared under the historical cost convention, as modified by the valuation of available-for-sale financial assets at fair value and valuation of property, plant and equipment at revalued amount.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and actions actual results ultimately may differ from those estimates (Note 4).

(a) *Standards, amendments to standards and interpretations effective on or after 1 January 2014*

- **Offsetting financial assets and financial liabilities – Amendments to IAS 32.** The amendment added application guidance to IAS 32 to address inconsistencies identified in applying some of the offsetting criteria. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement.
- **IFRS 10, 'Consolidated financial statements'.** The standard replaces all of the guidance on control and consolidation in IAS 27, 'Consolidated and separate financial statements' and SIC-12, 'Consolidation – special purpose entities'. IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. This definition is supported by extensive application guidance.
- **IFRS 12, 'Disclosure of interest in other entities'.** This standard applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 sets out the required disclosures for entities reporting under the two new standards: IFRS 10, 'Consolidated financial statements', and IFRS 11, 'Joint arrangements'. It replaces the disclosure requirements currently found in IAS 28 'Investments in associates'. IFRS 12 requires entities to disclose information that would help financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. To meet these objectives, the new standard requires disclosures in a number of areas, including (i) significant judgements and assumptions made in determining whether an entity controls, jointly controls, or significantly influences its interests in other entities, (ii) extended disclosures on share of non-controlling interests in group activities and cash flows, (iii) summarised financial information of subsidiaries with material non-controlling interests, and (iv) detailed disclosures of interests in unconsolidated structured entities.

ROKIŠKIO SŪRIS AB
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FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

(All tabular amounts are in LTL '000 unless otherwise stated)

- **IAS 27 (revised 11), 'Separate financial statements'**. This Standard was changed and its objective is now to prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The guidance on control and consolidated financial statements was replaced by IFRS 10, 'Consolidated financial statements'.

(b) The following standards, their amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2014 but are not relevant to the Company's and the Group's operations:

- **IFRS 11, 'Joint arrangements'**. The standard replaces IAS 31, 'Interests in joint ventures' and SIC-13, 'Jointly controlled entities—non-monetary contributions by ventures'. Changes in the definitions have reduced the number of types of joint arrangements to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting is mandatory for participants in joint ventures.
- **IAS 28 (revised 2011), 'Investments in associates and joint ventures'**. The standard was revised following the issue of IFRS 11 and it now includes the requirements for joint ventures, as well as associates, to be equity accounted.
- **Transition guidance amendments to IFRS 10, IFRS 11 and IFRS 12**. The amendments clarify the transition guidance in IFRS 10, 'Consolidated financial statements'. Entities adopting IFRS 10 should assess control at the first day of the annual period in which IFRS 10 is adopted, and if the consolidation conclusion under IFRS 10 differs from IAS 27 and SIC 12, the immediately preceding comparative period (that is, year 2012 for a calendar year-end entity that adopts IFRS 10 in 2013) is restated, unless impracticable. The amendments also provide additional transition relief in IFRS 10, IFRS 11, 'Joint arrangements', and IFRS 12, 'Disclosure of interests in other entities', by limiting the requirement to provide adjusted comparative information only for the immediately preceding comparative period. Further, the amendments will remove the requirement to present comparative information for disclosures related to unconsolidated structured entities for periods before IFRS 12 is first applied.
- **Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment entities**. The amendment introduced a definition of an investment entity as an entity that (i) obtains funds from investors for the purpose of providing them with investment management services, (ii) commits to its investors that its business purpose is to invest funds solely for capital appreciation, and (iii) measures and evaluates its investments on a fair value basis. An investment entity will be required to account for its subsidiaries at fair value through profit or loss, and to consolidate only those subsidiaries that provide services that are related to the entity's investment activities. IFRS 12 was amended to introduce new disclosures, including any significant judgements made in determining whether an entity is an investment entity and information about financial or other support to an unconsolidated subsidiary, whether intended or already provided to the subsidiary.
- **Recoverable amount disclosures for non-financial assets – Amendments to IAS 36**. The amendments remove the requirement to disclose the recoverable amount when a CGU contains goodwill or indefinite lived intangible assets but there has been no impairment.
- **Novation of derivatives and continuation of hedge accounting – Amendments to IAS 3**. The amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated (i.e. parties have agreed to replace their original counterparty with a new one) to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.

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(All tabular amounts are in LTL '000 unless otherwise stated)

(c) The following new standards, amendments to existing standards and interpretations have been issued but are not yet effective and have not been early adopted by the Company and the Group:

IFRIC 21, 'Levies' (effective for annual periods beginning on or after 17 June 2014). The interpretation clarifies the accounting for an obligation to pay a levy that is not income tax. The obligating event that gives rise to a liability is the event identified by the legislation that triggers the obligation to pay the levy. The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern assumption, does not create an obligation. The same recognition principles apply in interim and annual financial statements. The application of the interpretation to liabilities arising from emissions trading schemes is optional. The Company is currently assessing the impact of the new interpretation on its financial statements.

Defined benefit plans: Employee contributions – Amendments to IAS 19 (effective for annual periods beginning on or after 1 February 2015). The amendment allows entities to recognise employee contributions as a reduction in the service cost in the period in which the related employee service is rendered, instead of attributing the contributions to the periods of service, if the amount of the employee contributions is independent of the number of years of service. The Company is currently assessing the impact of these amendments on its financial statements.

Annual improvements to IFRSs 2012 (effective for the annual periods beginning on or after 1 February 2015). The improvements consist of changes to seven standards.

IFRS 2 was amended to clarify the definition of a 'vesting condition' and to define separately 'performance condition' and 'service condition'; The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

IFRS 3 was amended to clarify that (1) an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, and (2) all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Amendments to IFRS 3 are effective for business combinations where the acquisition date is on or after 1 July 2014.

IFRS 8 was amended to require (1) disclosure of the judgements made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (2) a reconciliation of segment assets to the entity's assets when segment assets are reported. The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial.

IAS 16 and IAS 38 were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided.

The Company is currently assessing the impact of these amendments on its financial statements.

ROKIŠKIO SŪRIS AB
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Annual improvements to IFRSs 2013 (effective for the annual periods beginning on or after 1 January 2015). The improvements consist of changes to four standards.

The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption, a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented.

IFRS 3 was amended to clarify that it does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.

The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9.

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination. The Company is currently assessing the impact of these amendments on its financial statements.

(d) New standards, amendments and interpretations that have not been adopted by the European Union and that have not been early adopted by the Company and the Group:

IFRS 9, 'Financial instruments: Classification and measurement';

IFRS 14, 'Regulatory deferral accounts';

Accounting for acquisitions of interests in joint operations – Amendments to IFRS 11;

Clarification of acceptable methods of depreciation and amortisation – Amendments to IAS 16 and IAS 38;

IFRS 15, 'Revenue from contracts with customers';

Agriculture: Bearer plants – Amendments to IAS 16 and IAS 41;

Equity method in separate financial statements – Amendments to IAS 27;

Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28;

Annual improvements to 2014 IFRSs;

Disclosure initiative – Amendments to IAS 1;

Investment entities: Applying the consolidation exception – Amendments to IFRS 10, IFRS 12 and IAS 28.

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2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(b) Transactions with non-controlling interest

The group treats transactions with non-controlling interest as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(c) Joint ventures

The group's interests in jointly controlled entities are accounted for by proportionate consolidation. The group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the

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group's financial statements. The group recognises the portion of gains or losses on the sale of assets by the group to the joint venture that is attributable to the other venturers. The group does not recognise its share of profits or losses from the joint venture that result from the group's purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

2.3 Stand-alone financial statements

Subsidiaries in the stand-alone financial statements are accounted at cost less impairment charge – that is the income from the investment is recognized in full where Company receives distributions from accumulated profits of the investee. Distributions received from accumulated profits arising before the date of acquisition are tested for impairment.

2.4 Foreign currency translation

(a) Functional and presentation currency

The items shown in the financial statements of the Company and each company of the Group are valued by the currency of the original economic environment wherein a specific company operates (hereinafter the "functional currency"). These financial statements are presented in Litas (LTL), which is the Company's (and each of the Group entity's) functional and presentation currency, with exception for subsidiaries in Latvia, which functional currency is Latvian Lats (LVL).

With effect from 2 February 2002, the litas has been pegged with the euro at an exchange rate of LTL 3.4528 to EUR 1.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.5 Property, plant and equipment

Property, plant and equipment is shown at revalued amount, based on periodic valuations of assets, less subsequent accumulated depreciation and impairment.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to other comprehensive income and shown as revaluation reserve in shareholders' equity. Decreases in the carrying amount on subsequent revaluations that offset previous increases of the carrying amount of the same asset are charged in other comprehensive income and debited against revaluation reserve in equity all other decreases are charged to the income statement. Increases in the carrying amount on subsequent revaluations that offset previous decreases of the carrying amount are recognised in the income statement; all other increases in the carrying amount on revaluation of property, plant and equipment are recognised in other comprehensive income and added to revaluation reserve in shareholders' equity. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement, and depreciation based on the asset's original cost is transferred from revaluation reserve to retained earnings net of deferred income tax.

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Subsequent costs are included in the asset's carrying amount or recognised as separate assets only when it is probable that future economic benefits associated with the item will flow to the Company or the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

Useful lives of property, plant and equipment are given in the table below:

Buildings	15-55 years
Plant and machinery	5-29 years
Motor vehicles	4-10 years
Equipment and other property, plant and equipment	3-20 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Construction in progress is transferred to appropriate group of property plant and equipment when it is completed and ready for its intended use.

When property is retired or otherwise disposed, the cost and related depreciation are removed from the financial statements and any related gains or losses are determined by comparing proceeds with carrying amount and are included in operating profit.

2.6 Intangible assets

(a) Computer software

Software assets expected to provide economic benefit to the Company and the Group in future periods are valued at acquisition cost less subsequent amortisation. Software is amortised on the straight-line basis over the useful life of 1 to 5 years.

(b) Contractual customer relationships

Contractual customer relationships recognized as intangible asset upon business acquisition are accounted for at cost less accumulated amortization and impairment. Contractual customer relationships are amortised on the straight-line basis over the estimated useful life of 2 years.

2.7 Impairment of non-financial assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.8 Financial asset

a) Loans and receivables

The Group classifies its financial assets in a category of loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

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Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' in the balance sheet.

b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment or investment matures within 12 months of the end of the reporting period.

Available-for-sale financial assets are recognised initially at fair value plus transaction costs and subsequently measured at fair value. Changes in fair value are recognised in other comprehensive income.

Upon the disposal or impairment of available-for-sale investments, the accumulated fair value adjustment recognised in equity is included in profit or loss in the statement of comprehensive income.

The fair value of investments traded in active financial markets is based on quoted closing market prices at the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument, which is substantially the same, discounted cash flow analysis and other valuation models.

The Company assesses at the end of each reporting date whether there is objective evidence that a financial asset is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is an evidence that the assets are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement.

2.9 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined by the first-in first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related indirect production overheads, but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.10 Loans granted, trade and other receivables

Loans granted and amounts receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less the amount of impairment loss. A provision for impairment of amounts receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The impairment amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the income statement within 'general and administrative expenses'. Bad debts are written off during the year in which they are identified as irrecoverable.

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2.11 Cash and cash equivalents

Cash and cash equivalents are carried at nominal value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and at bank and bank overdrafts. Bank overdrafts are included in borrowings in current liabilities on the balance sheet.

2.12 Share capital

(a) Ordinary shares

Ordinary shares are stated at their par value. Consideration received for the shares sold in excess over their nominal value is shown as share premium. Incremental external costs directly attributable to the issue of new shares are accounted for as a deduction from share premium.

(b) Treasury shares

Where the Company or its subsidiaries purchase the Company's equity share capital, the consideration paid, including any attributed incremental external costs, is deducted from shareholders' equity as treasury shares until they are sold, reissued or cancelled. No gain or loss is recognised in the income statement on the sale, issuance or cancellation of treasury shares. Where such shares are subsequently sold or reissued, any consideration received is presented in the consolidated financial statements as a change in shareholders' equity.

2.13 Reserves

(a) Other reserves

Other reserves are established upon the decision of annual general meeting of shareholders on profit appropriation. This reserve may be used only for the purposes approved by annual general meeting of shareholders.

Legal reserve is included into other reserves. A legal reserve is a compulsory reserve under the Lithuanian legislation. Annual transfers of 5 per cent of net profit are required until the reserve reaches 10 per cent of the share capital. The legal reserve cannot be used for payment of dividends and it is established to cover future losses only.

(b) Reserve for acquisition of treasury shares

This reserve is maintained as long as the Group is involved in acquisition/disposal of its treasury shares. This reserve is compulsory under the Lithuanian regulatory legislation and should not be lower than the acquisition cost of treasury shares acquired.

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the amount at initial recognition and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Interest expense on borrowing is expensed in the statement of comprehensive income.

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2.15 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Profit is taxable at a rate of 15 per cent in accordance with the Lithuanian regulatory legislation on taxation.

Deferred income tax is recognised using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are recognised on all temporary differences that will increase the taxable profit in future, whereas deferred tax assets are recognised to the extent it is probable that they will reduce the taxable profit in future. However the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.16 Leases – where the Group is the lessee

(a) Finance lease

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the estimated present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of future finance charges, are included in long-term payables except for instalments due within 12 months which are included in current liabilities. The items of property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life or lease term of the asset.

(b) Operating lease

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

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2.17 Employee benefits

(a) Social security contributions

The Group pays social security contributions to the state Social Security Fund (the Fund) on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements. A defined contribution plan is a plan under which the Group pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period. Social security contributions are recognised as expenses on an accrual basis and are included in payroll expenses.

(b) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(c) Bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing where contractually obliged or where there is a past practice that has created a constructive obligation.

2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. Revenue from sales of goods is recognised only when all significant risks and benefits arising from ownership of goods is transferred to the customer.

Revenue for delivering transportation services is recognized in the period when services are performed.

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2.19 Dividends distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.20 Earnings per share

Basic earnings per share are calculated by dividing net profit attributed to the shareholders from average weighted number of ordinary registered shares in issue, excluding ordinary registered shares purchased by the Company and the Group and held as treasury shares.

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2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Board of Directors that makes strategic decisions.

The Group's management distinguished the following operating segments of the Group: hard cheese, semi-hard cheese, butter, milk cream, sour cream, sour milk, yogurt, curd, curd cheese and other. These segments were combined into two main reportable segments based on the similar nature of products production process types of customers and the method of distribution.

2.22 Government grants and subsidies

Government grants are recognised at fair value where there is sufficient evidence that the grant will be received and the Group and the Company will comply with all attached conditions.

Government grants received to finance acquisition of property plant and equipment are included in non-current deferred income in the balance sheet. They are recognised as income on a straight-line basis over the useful life of property plant and equipment concerned.

2.23 Provisions

Provisions for restructuring costs and legal claims are recognised when: the Group and the Company have a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of expenditures expected to be required to settle the obligation using pre-tax rate that reflects current market assessments of the time value of money and the risks specified to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.24 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method.

3. Financial risk management

3.1 Financial risk factors

The Group's and the Company's activities expose them to a variety of financial risks. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the financial performance of the Group.

Risk management is carried out by the Company's management. There are no written principles for overall risk management in place.

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(a) Market risk

(i) Foreign exchange risk

The Company and the Group operate internationally, however, their exposure to foreign exchange risk is set at minimum level, since sales outside Lithuania are performed mostly in the euros. The exchange rate of the euro and the litas is fixed.

(ii) Cash flow and fair value interest rate risk

The Company's and the Group's interest rate risk arises from interest-bearing loans and long-term borrowings issued. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. In 2014 and 2013, loans granted by the Group at a fixed interest rate were denominated in the litas. In 2014 and 2013, borrowings issued to the Group at a variable interest rate were denominated in the litas and the euros.

As at 31 December 2014, the Company's and the Group's net liabilities sensitive to interest rate risk amounted to LTL 20,387 thousand, respectively (31 December 2013: LTL 52,992 thousand respectively). If interest rate increases / decreases by 0.5 percentage point (2013: 0.5 percentage point), the Company's and the Group's profit would decrease / increase by LTL 102 thousand, respectively (2013: profit would decrease / increase by LTL 265 thousand, respectively).

(b) Credit risk

Credit risk arises from cash balances at banks, loans granted, and trade receivables.

As at 31 December 2014, all Company's and Group's cash balances were held in banks that had external credit ratings from 'A+' to 'A', as set by the rating agency *Fitch Ratings* (31 December 2013: from 'A+' to 'BBB').

i) Maximum exposure to credit risk

The table below summarises the Company's and the Group's credit risk exposures relating to on-balance sheet items. Maximum exposure to credit risk before collateral held or other credit enhancements as at 31 December:

Group			Company	
2014	2013		2014	2013
11,483	21,527	Cash and cash equivalents at banks	3,677	17,873
120,486	120,890	Trade receivables	110,189	133,880
55,529	77,417	Loans granted	49,055	70,976
187,498	219,834		162,921	222,729

ii) Credit quality of financial assets

The Group does not classify amounts receivable and other financial assets exposed to credit risk according to credit quality. Credit risk is managed through established credit limits for a major customers and monitoring of overdue receivables and loans. Credit limits and overdue receivables are continuously monitored by the Company's and the Group's management.

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Credit limits and receivables as at 31 December 2014 for the major customers are summarised below:

Group			Company	
Credit limit	Receivables		Credit limit	Receivables
11,000	5,884	Customer A	11,000	5,884
5,181	1,791	Customer B	5,181	1,791
1,726	1,608	Customer C	1,726	1,608
1,036	1,024	Customer D	1,036	1,024
15,000	8,696	Customer E		
7,000	3,963	Customer F		
3,400	789	Customer G		
1,500	1,267	Customer H		
1,500	1,239	Customer J		

Credit limits and receivables as at 31 December 2013 for the major customers are summarised below:

Group			Company	
Credit limit	Receivables		Credit limit	Receivables
11,000	10,529	Customer A	11,000	10,529
5,500	5,440	Customer B	5,500	5,440
1,400	1,320	Customer C	1,400	1,320
1,208	1,171	Customer D	1,208	1,171
1,035	725	Customer E	1,035	725
3,400	2,606	Customer F		
7,000	6,048	Customer G		
10,000	8,959	Customer H		
1,500	1,351	Customer J		

Trade receivables did not significantly exceed the established credit limits.

The table below summaries concentration of the loans granted:

Group			Company	
2014	2013		2014	2013
41,396	61,888	Loans granted for amount of above LTL 2 million	39,966	62,960
7,767	4,134	Loans granted for amount above LTL 1 million but not more than LTL 2 million	6,264	4,134
6,366	11,395	Loans granted for amount less than LTL 1 million	2,825	3,882
55,529	77,417		49,055	70,976

Loans in excess of LTL 2 million were granted to the following companies: Litrada UAB, Pieno Pramonės Investicijų Valdymas, UAB Maxima, individual farmer K.Deveikis, Igor Leontjev and AS Eves Agro.

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(c) Liquidity risk

Prudent liquidity risk management allows maintaining sufficient cash and availability of funding under committed credit facilities.

The table below summarises the Group's and the Company's financial liabilities. The financial liabilities are classified into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows. Accounts payable and other financial liabilities due within 3 months or less are equal to their carrying amounts as the impact of discounting is insignificant.

Company

	Less than 3 months	From 3 to 12 months	From 1 to 5 years	After 5 years
At 31 December 2014				
Borrowings from banks	45,676	4,712	-	-
Trade payables	42,099	-	-	-
Other payable	4,443	-	-	-
	92,218	4,712	-	-

	Less than 3 months	From 3 to 12 months	From 1 to 5 years	After 5 years
At 31 December 2013				
Borrowings from banks	45,676	4,712	-	-
Trade payables	49,579	-	-	-
Other payable	4,443	-	-	-
	99,698	4,712	-	-

Group

	Less than 3 months	From 3 to 12 months	From 1 to 5 years	After 5 years
At 31 December 2014				
Borrowings from banks	78,131	-	-	-
Trade payables	56,564	-	-	-
Other payable	-	-	-	-
	134,695	-	-	-

	Less than 3 months	From 3 to 12 months	From 1 to 5 years	After 5 years
At 31 December 2013				
Borrowings from banks	78,131	-	-	-
Trade payables	56,564	-	-	-
Other payable	-	-	-	-
	134,695	-	-	-

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3.2. Capital risk management

The Company's and the Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group and Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company and the Group define their capital as equity and debt less cash and cash equivalents.

As at 31 December, the Group's and the Company's capital structure was as follows:

Group			Company	
2014	2013		2014	2013
54,831	82,187	Borrowings	54,831	82,187
(11,483)	(21,527)	Less: cash and cash equivalents	(3,677)	(17,873)
43,348	60,660	Net debt	51,154	64,314
339,573	344,404	Shareholders' equity	304,149	328,810
382,921	405,064	Total capital	355,303	393,124

Pursuant to the Lithuanian Law on Companies the authorised share capital of a public company must be not less than LTL 150 thousand (the authorised share capital of a private company must not be less than LTL 10 thousand) and the shareholders' equity should not be lower than 50 per cent of the company's registered share capital. As at 31 December 2014 and 31 December 2013 the Company and its subsidiaries registered in Lithuania complied with these requirements

3.3. Fair value estimation

Trade payables and trade receivables accounted for in the balance sheet should be settled within a period shorter than three months therefore it is deemed that their fair value equals to their carrying amount less impairment. Interest rate on the borrowings received by the Company is subject to repricing at least every six months therefore it is deemed that their fair value equals their carrying amount. Companies and Group issued loans fair value disclosed in Note 19. Property, plant and equipment fair value disclosed in Note 15.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The three levels of the fair value hierarchy have been defined as follows:

Level 1 includes the fair value of assets which is established based on quoted prices (unadjusted) in active markets for identical assets.

Level 2 includes the fair value of assets which is established based on other directly or indirectly observable inputs.

Level 3 includes the fair value of assets which is established based on unobservable inputs.

4. Critical accounting estimates and judgements

Provision for impairment of loans and accounts receivable

Provision for impairment of accounts receivable and loans granted was determined based on the management's estimates on recoverability and timing relating to the amounts that will not be collectable

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according to the original terms of receivables. This determination requires significant judgement. Judgement is exercised based on significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments. Current estimates of the Company and the Group could change significantly as a result of change in situation in the market and the economy as a whole. Recoverability rate also highly depends on success rate and actions employed relating to recovery of significantly overdue amounts receivable.

Estimates of useful lives of property, plant and equipment

The Company and the Group have old buildings and machinery, where the useful lives are estimated based on the expected product lifecycles. However, economic useful lives may differ from the currently estimated as a result of technical innovations and actions of competitors.

Revaluation of property, plant and equipment

With effect from 31 December 2011, the Company and the Group account for property, plant and equipment at revalued amount less accumulated depreciation and impairment loss. Under the newly adopted accounting policy, the revaluation is carried out periodically to ensure that the carrying amount of property, plant and equipment will not differ significantly from the value determined with reference to the fair value at the end of the reporting period. In 2011, the valuation of property, plant and equipment was carried out by Vadasa UAB using the comparable sales method. The Company's management believes the values of property, plant and equipment adjusted under these methods as of 31 December 2011 approximated the fair value. No revaluation of property, plant and equipment was conducted in 2013 and 2014 (Note 15).

Inventory write-down to net realizable value

Group and Company recognise inventory at the lower of cost and net realizable value. The Group and Company evaluates whether the value of inventory recognised at cost is not lower than its net realisable value based on the historical data and actual results of inventory items sold below costs after financial year end. If the recognised inventory write-down to net realizable value would be in 5 per cent higher/lower, the profit before income tax for the year 2014 of the Group and Company was in LTL 1 074 thousand lower/ higher (for 2013 – LTL 105 thousand).

5. Segment reporting

Operating segments and reportable segments

The Group's management distinguished the following operating segments of the Group: hard cheese, semi-hard cheese, butter, milk, cream, sour cream, sour milk, yogurt, curd, curd cheese and other. These segments were combined into two main reportable segments based on the similar nature of products, production process, types of customers and the method of distribution.

The main two reportable business segments of the Group are as follows:

- Fresh milk products
- Cheese and other dairy products

Other operations of the Group mainly comprise of milk collecting activity which is not of a sufficient size to be reported separately. Transactions between the business segments are on normal commercial terms and conditions. The segment of fresh milk products includes 2 external customers with each individual revenue accounting for 10% of total revenue of the segment.

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Segment information for the years ended 31 December 2014 and 2013:

	Fresh milk products	Cheese and other dairy products	Other segments (unallocated)	Group
2014				
Sales	263,417	771,887	106,422	1,141,726
Inter-segment sales	(360)	(176,462)	(104,291)	(281,113)
Sales to external customers	263,057	595,425	2,131	860,613
Segment's gross profit	51,154	16,223	(1,075)	66,302
Depreciation and amortisation	7,097	24,852	138	32,087
Income tax expense (income)	2,819	(3,582)	3	(760)
Total assets	99,898	407,165	11,172	518,235
Elimination of intercompany transactions				(32,238)
Total assets less intercompany transactions				485,997
Additions to non-current assets (other than financial instruments and deferred tax assets)	4,638	17,143	227	22,008
Total liabilities	38,013	129,874	9,423	177,310
Elimination of intercompany transactions				(30,886)
Total liabilities less intercompany transactions				146,424
	Fresh milk products	Cheese and other dairy products	Other segments (unallocated)	Group
2013				
Sales	273,587	795,650	119,966	1,189,203
Inter-segment sales	(12,399)	(203,043)	(112,406)	(327,848)
Sales to external customers	261,188	592,607	7,560	861,355
Segment's gross profit	(2,825)	106,278	1,807	105,260
Depreciation and amortisation	7,722	27,680	130	35,532
Income tax expense (income)	(146)	2,334	97	2,285
Total assets	73,058	480,524	19,512	573,094
Elimination of intercompany transactions				(61,504)
Total assets less intercompany transactions				511,590
Additions to non-current assets (other than financial instruments and deferred tax assets)	17,518	21,116	166	38,800
Total liabilities	58,829	151,713	9,669	220,211
Elimination of intercompany transactions				(53,025)
Total liabilities less intercompany transactions				167,186

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Geographical information

All the Company's assets are located in Lithuania. The Company's sales by markets can be analysed as follows:

	Sales		Total assets		Capital expenditure	
	2014	2013	2014	2013	2014	2013
Lithuania	231,119	220,783	434,023	480,523	17,143	21,116
Europe Union countries	383,301	407,390	-	-	-	-
Other countries	157,467	167,477	-	-	-	-
	771,887	795,650	434,023	480,523	17,143	21,116

The breakdown of the Group's assets by geographical segments is presented below. The Group's sales by markets can be analysed as follows:

	Sales		Total assets		Capital expenditure	
	2014	2013	2014	2013	2014	2013
Lithuania	284,307	247,947	474,916	496,679	22,008	38,800
Europe Union countries	418,839	445,011	11,081	14,911	-	-
Other countries	157,467	168,397	-	-	-	-
	860,613	861,355	485,997	511,590	22,008	38,800

Sales are allocated based on the country in which the customers are located.

The analysis of the Company's revenue by category:

	2014	2013
Revenue from sales of goods	745,144	771,211
Other revenue (milk transportation)	26,743	24,439
	771,887	795,650

The analysis of the Group's revenue by category:

	2014	2013
Revenue from sales of goods	857,895	858,986
Other revenue (milk transportation)	2,718	2,369
	860,613	861,355

6. Selling and marketing expenses

Group			Company	
2014	2013		2014	2013
6,670	5,674	Marketing services	-	-
8,517	8,698	Wages and salaries	4,375	4,101
15,969	13,074	Transportation services	15,072	11,957
2,534	1,040	Product image creation and advertising expenses	262	262
2,466	2,423	Repairs and maintenance	2,131	2,046
1,590	2,103	Depreciation of property, plant and equipment	1,421	1,713
990	549	Warehousing services	990	549
7,524	5,052	Other expenses	8,669	6,356
46,260	38,613		32,920	26,984

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7. General and administrative expenses

Group			Company	
2014	2013		2014	2013
8,794	11,267	Wages and salaries	6,151	8,062
576	219	Taxes (other than income tax)	158	150
1,070	532	Provisions for impairment of loans granted and write-offs of loans (Note 19)	1,070	532
4,536	6,783	Provisions for impairment of doubtful receivables and write-offs of amounts receivable (Note 21)	4,536	7,154
857	651	Consultations	684	502
1,686	2,177	Depreciation of property, plant and equipment and amortisation of intangible assets	1,001	1,125
659	754	Repairs and maintenance	525	648
261	4,220	Paid and accrued bonuses	(910)	1,168
364	348	Telecommunications and IT maintenance expenses	286	285
736	679	Insurance expenses	672	617
498	150	Bank charges	453	351
378	1,110	Business trips	330	900
118	150	Fines	9	14
310	76	Staff training	279	41
46	47	Membership fees	42	40
919	710	Charity, support	674	446
1,289	3,993	Other expenses	601	2,947
23,097	33,866		16,561	24,982

8. Other income

Group			Company	
2014	2013		2014	2013
9,155	19,914	Re-sale of goods	9,090	19,909
3,447	2,891	Interest income	2,832	2,331
1,391	1,202	Other income	4,721	33,353
13,993	24,007		16,643	55,593

The Company's other income comprises dividends received from subsidiary Rokiškio Pienas UAB and Jekabpils Piena Kombinats SIA, and insurance income and other income from the provision of services (Note 33).

9. Other expenses

Group			Company	
2014	2013		2014	2013
8,922	19,712	Cost of goods resold	8,901	19,698
500	488	Other expenses	610	497
9,422	20,200		9,511	20,195

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10. Other operating losses

Group			Company	
2014	2013		2014	2013
(1,682)	(361)	Loss on disposal of property, plant and equipment (Note 32)	(1,683)	(361)
(521)		Result of disposal of investments in the associate (Note 17)	-	
(2,203)	(361)		(1,683)	(361)

11. Expenses by nature

Group			Company	
2014	2013		2014	2013
622,237	573,633	Raw materials and consumables used	515,413	545,435
(23,561)	(33,665)	Changes in inventories of finished goods and work in progress	(25,297)	(32,298)
63,153	62,084	Salaries including social security costs	41,958	41,507
55,312	46,764	Transportation services	54,297	45,604
261	4,220	Paid and accrued (reversed) bonuses	(910)	1,168
32,087	35,532	Depreciation and amortisation (Notes 15 and 16)	24,400	27,886
(1,298)	(2,009)	Amortisation of the Government grant for property, plant and equipment (Note 27)	(795)	(1,443)
6,670	5,674	Marketing services		
12,704	13,248	Repairs and maintenance	11,899	12,432
2,344	4,291	Cost of finished goods resold	112,030	41,446
-	-	Write-offs of investments (Note 17)	-	-
4,536	7,154	Impairment of amounts receivable and amounts receivable written off (Note 21)	4,536	7,154
862	506	Taxes (other than income tax)	432	419
857	651	Consultations	684	502
426	410	Telecommunications and IT maintenance expenses	348	346
56,987	56,441	Utilities (energy)	36,146	36,974
30,091	53,640	Other	25,907	36,259
863,668	828,574	Total cost of sales, selling and marketing expenses and general and administrative expenses	801,048	763,391

12. Finance costs

Group			Company	
2014	2013		2014	2013
1,397	1,157	Interest expense:		
-	-	– bank borrowings	1,024	722
1,397	1,157	– finance leases	-	-
			1,024	722

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13. Income tax

Group			Company	
	2013			2013
(4,553)	(7,381)	Current income tax	(1,306)	(6,955)
-	741	Prior year income tax corrections	-	741
5,313	4,355	Deferred income tax (Note 18)	4,888	3,880
760	(2,285)	Income tax benefit/(expenses)	3,582	(2,334)

The tax on the Company's and the Group's profit before tax differs from the theoretical amount that would arise when using the basic tax rate as follows:

Group			Company	
2014	2013		2014	2013
(2,084)	35,070	Profit/(loss) before income tax	(24,736)	66,574
(313)	5,261	Tax calculated at a rate of 15% (Note 2.15)	(3,710)	9,986
1,428	(563)	Expenses not deductible for tax purposes	1,879	(1,505)
(717)	(232)	Income not subject to tax	(680)	(4,712)
(237)	(622)	Charity expenses deductible twice for tax purposes	(202)	(134)
(922)	(818)	Other expenses deductible for tax purposes	(869)	(560)
-	(741)	Prior year income tax adjustments	-	(741)
(760)	2,285	Income tax expense/(income)	(3,582)	2,334

Expenses not deductible for tax purposes include representation expenses, write-offs, etc. Income not subject to tax include interest on late payment and insurance benefits received.

The tax authorities have carried out a full-scope tax audit at the Company for the year 2001. The Tax Authorities may at any time during 5 successive years after the end of the reporting tax year carry out the inspection of book-keeping and accounting records and impose additional taxes or fines. The Company's management is not aware of any circumstances that might result in a potential material liability in this respect.

14. Earnings per share

Group			Company	
	2013		2014	2013
(1,324)	32,785	Net profit/(loss) attributable to shareholders	(21,154)	64,240
35,066	35,066	Weighted average number of ordinary shares in issue (thousand)	35,066	35,066
(0.04)	0.93	Basic earnings/(deficit) per share (LTL per share)	(0.60)	1.83

The Group has no dilutive potential ordinary shares, therefore, the diluted earnings per share are the same as basic earnings per share.

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15. Property, plant and equipment

Company	Buildings	Plant and machinery	Motor vehicles and other assets	Construction in progress	Total
At 1 January 2013					
Revalued value	31,527	70,099	33,064	831	135,521
Accumulated depreciation	(1,340)	(18,393)	(7,718)	-	(27,451)
Net book amount	30,187	51,706	25,346	831	108,070
Year ended 31 December 2013					
Opening net book amount	30,187	51,706	25,346	831	108,070
Additions	31	11,841	5,507	3,737	21,116
Disposals	(476)	(103)	(306)	-	(885)
Write-offs	-	-	(112)	-	(112)
Transfers from CIP	157	1,623	-	(1,780)	-
Depreciation charge	(1,308)	(18,055)	(8,317)	-	(27,680)
Closing net book amount	28,591	47,012	22,118	2,788	100,509
At 31 December 2013					
Revalued value	45,347	191,470	93,868	2,788	333,473
Accumulated depreciation	(16,756)	(144,458)	(71,750)	-	(232,964)
Net book amount	28,591	47,012	22,118	2,788	100,509
Year ended 31 December 2014					
Opening net book amount	28,591	47,012	22,118	2,788	100,509
Additions	39	3,518	4,750	8,836	17,143
Disposals	(121)	(1,427)	(330)	-	(1,878)
Write-offs	(9)	(24)	(6)	-	(39)
Transfers from CIP	244	5,368	45	(5,657)	-
Depreciation charge	(1,307)	(15,491)	(7,552)	-	(24,350)
Closing net book amount	27,437	38,956	19,025	5,967	91,385
At 31 December 2014					
Revalued value	45,424	204,210	99,977	5,967	355,578
Accumulated depreciation	(17,987)	(165,254)	(80,952)	-	(264,193)
Net book amount	27,437	38,956	19,025	5,967	91,385

As at 31 December 2011, the Company's and the Group's property, plant and equipment was revaluated. The fair value was determined by independent property valuer Vadasa UAB based on the market prices prevailing in Lithuania (for buildings, machinery, motor vehicles and equipment) and in the EU Member States (for part of equipment). The valuation was carried out using the comparable price method. Gain on revaluation of property, plant and equipment was disclosed in the tables of movements in property, plant and equipment, and was recognised in other comprehensive income.

The fair value of property, plant and equipment is attributed to Level 2 in the fair value hierarchy.

In 2013, no revaluations were carried out for property, plant and equipment, because in the management's opinion, no significant changes occurred in real estate market, nor in the company's business, nor in the market prices of equipment and machinery. Consequently, there were no significant changes in the fair value of property, plant and equipment of both companies. The members of the Board of Directors used the assumption that the carrying amount of property, plant and equipment reflected the fair value of these assets of Rokiškio Sūris AB and Rokiškio Pieno Gamyba UAB, and made the decision not to perform the revaluation for the property, plant and equipment of Rokiškio Sūris AB Group, but to review the depreciation rates used for these assets.

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Group	Buildings	Plant and machinery	Motor vehicles and other assets	Construction in progress	Total
At 1 January 2013					
Revalued value	51,324	92,532	35,699	947	180,502
Accumulated depreciation	(2,756)	(23,578)	(8,369)	-	(34,703)
Net book amount	48,568	68,954	27,330	947	145,799
Year ended 31 December 2013					
Opening net book amount	48,568	68,954	27,330	947	145,799
Additions	493	15,838	6,224	16,245	38,800
Disposals	(476)	(16)	(306)		(798)
Write-offs			(112)		(112)
Transfers from CIP	1,163	9,969	164	(11,296)	
Depreciation charge	(2,268)	(24,170)	(9,094)		(35,532)
Closing net book amount	47,480	70,575	24,206	5,896	148,157
At 31 December 2013					
Revalued value	70,277	225,776	93,321	5,896	395,270
Accumulated depreciation	(22,797)	(155,201)	(69,115)		(247,113)
Net book amount	47,480	70,575	24,206	5,896	148,157
Year ended 31 December 2014					
Opening net book amount	47,480	70,575	24,207	5,896	148,158
Additions	338	4,016	5,023	12,631	22,008
Disposals	(267)	(1,439)	(374)		(2,080)
Write-offs	(9)	(24)	(11)		(44)
Transfers from CIP	1,898	10,585	77	(12,560)	
Depreciation charge	(2,357)	(20,972)	(8,255)		(31,584)
Closing net book amount	47,083	62,741	20,667	5,967	136,458
At 31 December 2014					
Revalued value	72,828	258,189	104,318	5,967	441,302
Accumulated depreciation	(25,745)	(195,448)	(83,651)		(304,844)
Net book amount	47,083	62,741	20,667	5,967	136,458

As at 31 December 2014, the Company's and the Group's property, plant and equipment with a carrying value of LTL 28,844 thousand and LTL 48,557 thousand, respectively (31 December 2013: LTL 31,017 thousand and LTL 49,443 thousand, respectively) was pledged as a security for bank borrowings.

Depreciation expenses of property plant and equipment are included in selling and marketing expenses, general and administrative expenses and cost of sales in the income statement, as well as in work in progress and finished goods in the balance sheet.

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Had no revaluation been performed for property, plant and equipment, the net book values of the Group's and the Company's property, plant and equipment would have been as follows as of 31 December 2013 and 2014:

Company	Buildings	Constructions and machinery	Motor vehicles and other assets	Construction in progress	Total
At 31 December 2013	18,218	21,735	12,124	2,788	54,865
At 31 December 2014	17,137	25,391	12,936	5,967	61,431

Group	Buildings	Constructions and machinery	Motor vehicles and other assets	Construction in progress	Total
At 31 December 2013	28,666	42,280	14,018	5,896	90,860
At 31 December 2014	28,786	47,094	14,541	5,967	96,388

16. Intangible assets

Company	Computer software
At 1 January 2013	
Cost	2,363
Accumulated amortisation	(2,149)
Net book amount	214
Year ended 31 December 2013	
Opening net book amount	214
Additions	109
Amortisation charge	(206)
Closing net book amount	117
At 31 December 2013	
Cost	2,455
Accumulated amortisation	(2,338)
Net book amount	117
Year ended 31 December 2014	
Opening net book amount	117
Additions	4
Amortisation charge	(50)
Closing net book amount	71
At 31 December 2014	
Cost	2,459
Accumulated amortisation	(2,388)
Net book amount	71

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Group	Contractual client relationship	Computer software	Total
At 1 January 2013			
Cost	904	2,638	3,542
Accumulated amortisation	-	(2,421)	(2,421)
Net book amount	904	217	1,121
Year ended 31 December 2013			
Opening net book amount	904	217	1,121
Additions		109	109
Amortisation charge		(207)	(207)
Closing net book amount	904	119	1,023
At 31 December 2013			
Cost	904	2,459	3,363
Accumulated amortisation		(2,340)	(2,340)
Net book amount	904	119	1,023
Year ended 31 December 2014			
Opening net book amount	904	119	1,023
Additions	-	4	4
Amortisation charge	(452)	(51)	(503)
Closing net book amount	452	72	524
At 31 December 2014			
Cost	904	2,463	3,367
Accumulated amortisation	(452)	(2,391)	(2,843)
Net book amount	452	72	524

Amortisation expenses of computer software and other intangible assets are included in general and administrative expenses in the income statement.

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17 Investments

During 2013, the Company neither acquired nor liquidated any subsidiaries and no impairment was recognised for subsidiaries.

In April 2014, Rokiškio Sūris AB sold a 50% interest in Pieno Upės UAB. The ownership interest was sold in accordance with a long-term shareholder agreement after other shareholders expressed a wish to acquire shares. Pieno Upės UAB is engaged in the purchase of milk.

Group April 2014			Company April 2014
		Assets	-
	386	Non-current assets	
	1,480	Amounts receivable	
	2,014	Cash	
3,880			
(1,438)		Liabilities	
			-
2,442		Net assets	
	1,221	Group's share of net assets (50%)	
	-	Cost of the investment (Company)	700
	700	Price of shares	700
	(521)	Result of disposal of investments (Note 10)	-

18 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

Group			Company	
2014	2013		2014	2013
		Deferred income tax assets:		
720	559	- to be recovered after more than 12 months	720	559
4,639	2,125	- to be recovered within 12 months	4,426	2,053
5,359	2,684		5,146	2,612
		Deferred income tax liabilities:		
(6,171)	(8,809)	- to be settled after more than 12 months	(4,493)	(6,847)
-	-	- to be settled within 12 months	-	-
(6,171)	(8,809)		(4,493)	(6,847)
(812)	(6,125)	Net deferred income tax assets	653	(4,235)

The gross movement in deferred income tax assets was as follows:

Group			Company	
2014	2013		2014	2013
(6,125)	(10,337)	At beginning of the year	(4,235)	(8,115)
5,313	4,212	Recognised in the income statement (Note 13)	4,888	3,880
-	-	Recognised in the statement of comprehensive income	-	-
(812)	(6,125)	At end of the year	653	(4,235)

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The movement in deferred income tax assets and liabilities during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

Company					
Deferred income tax assets	Inventory net realisable value adjustment	Amortised cost of loans granted	Impairment of amounts receivable	Bonuses and vacation reserve	Total
At 1 January 2013	239	479		359	1,077
Recognised in the income statement	75	80	900	480	1,535
At 31 December 2013	314	559	900	839	2,612
Recognised in the income statement	2,908	161	(209)	(326)	2,534
At 31 December 2014	3,222	720	691	513	5,146

Deferred income tax liabilities	Revaluation of property, plant and equipment	Total
At 1 January 2013	(6,847)	(6,847)
Recognised in the income statement	2,345	2,345
Recognised in other comprehensive income		
At 31 December 2013	(6,847)	(6,847)
Recognised in the income statement	2,354	2,354
Recognised in other comprehensive income		
At 31 December 2014	(4,493)	(4,493)

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Group					
Deferred income tax assets	Inventory net realisable value adjustment	Amortised cost of loans granted	Impairment of amounts receivable	Bonuses and vacation reserve	Total
At 1 January 2013	239	479	-	359	1,077
Recognised in the income statement	75	80	900	552	1,607
At 31 December 2013	314	559	900	911	2,684
Recognised in the income statement	2,908	161	(209)	(185)	2,675
At 31 December 2014	3,222	720	691	726	5,359

Deferred income tax liabilities	Accelerated tax depreciation	Revaluation of property, plant and equipment	Total
At 1 January 2013	(160)	(11,254)	(11,414)
Recognised in the income statement	(143)	2,748	2,605
Recognised in other comprehensive income	-		
At 31 December 2013	(303)	(8,506)	(8,809)
Recognised in the income statement	143	2,495	2,638
Recognised in other comprehensive income			
At 31 December 2014	(160)	(6,011)	(6,171)

Deferred income tax assets and deferred income tax liabilities were calculated using a tax rate of 15% (2013: 15%) enacted by the balance sheet date and expected to apply when the related deferred income tax asset is realised or deferred income tax liability is settled.

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19. Loans granted

Group			Company	
2014	2013		2014	2013
5,166	5,873	Long-term loans to farmers	5,166	5,873
1,012	1,074	Long-term loans to employees	796	848
6,579	39,462	Other long-term loans	5,227	36,679
(4,698)	(3,628)	Less: provision for impairment of loans receivable	(4,698)	(3,628)
8,059	42,781	Long-term loans, net	6,491	39,772
5,907	9,681	Current portion of loans to farmers	3,771	3,851
132	119	Current portion of loans to employees	122	109
41,431	24,836	Other short-term loans granted	38,671	27,244
47,470	34,636	Current portion of long-term loans and short-term loans	42,564	31,204

Loans to farmers were granted with repayment terms ranging from 2 months to 10 years. The annual interest rate ranges from 0 to 10 per cent. Effective interest rate was 9.54 per cent (2013: 9.34 per cent).

Long-term loans to employees were granted with repayment terms ranging from 1 to 25 years. The loans are interest free. Effective interest rate was 10.44 per cent (2013: 10.42 per cent).

Repayment terms of other long-term loans granted ranges from 1 to 5 years. The loans bear average weighted interest rate of 3.12 per cent (2013: 4.18 per cent).

As at 31 December 2014, the fair value of loans granted to employees amounted to LTL 512 thousand (2013: LTL 529 thousand). As at 31 December 2014, the fair value of loans granted to farmers amounted to LTL 10,564 thousand (2013: LTL 9,324 thousand). The fair value of loans granted is attributed to Level 2 in the fair value hierarchy.

The fair value of other loans granted approximates the carrying amount.

The information of loans receivable past due as at 31 December is provided in the table below:

Group			Company	
2014	2013		2014	2013
52,363	73,584	Loans granted not past due	45,975	67,143
3,166	3,833	Loans granted past due but not impaired	3,080	3,833
4,698	3,628	Impaired loans granted	4,698	3,628
60,227	81,045	Gross value of loans granted	53,753	74,604
(4,698)	(3,628)	Impairment of amounts uncollectible	(4,698)	(3,628)
55,529	77,417	Net amount	49,055	70,976

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20. Inventories

Group			Company	
2014	2013		2014	2013
7,955	8,362	Raw materials	3,475	3,177
18,207	22,079	Work in progress	17,525	21,289
143,928	97,014	Finished products	142,333	94,250
3,485	3,179	Other inventories	2,552	2,492
173,575	130,634	Total inventories at cost	165,885	121,208
(21,478)	(2,098)	Less: inventory write-down to net realizable value	(21,478)	(2,098)
152,097	128,536	Total inventories	144,407	119,110

As at 31 December 2014, inventories with cost of LTL 25,000 thousand (31 December 2013: LTL 25,000 thousand) were pledged as a security for bank borrowings.

As at 31 December 2014, the Company's inventories comprising 1,428 tons of skim milk powder were held with the third party in Lithuania, 41 tons of hard cheese, 12.6 tons of whey protein concentrate and 8.5 tons of lactose were held in warehouses in the European Union country and 233 tons of hard cheese were held in the US (16 million Lt).

As at 31 December 2013, the Company's inventories comprising 150 tons of hard cheese were held with the third parties in warehouses in the European Union country.

21. Trade and other receivables

Group			Company	
2014	2013		2014	2013
		Non-current receivables		
34	1,962	Prepayments	-	1,928
34	1,962		-	1,928
		Current receivables		
116,176	120,890	Trade receivables	105,879	133,880
4,396	7,936	VAT receivable	3,724	4,728
693	906	Advance payments and deferred expenses	350	450
121,265	129,732		109,953	139,058

As at 31 December 2014 and 31 December 2013, there were no trade receivables pledged as collateral.

The information on receivables past due as at 31 December is provided in the table below:

Group			Company	
2014	2013		2014	2013
67,827	95,201	Trade receivable neither past due nor impaired	59,241	109,889
21,382	25,689	Trade receivable past due but not impaired	19,671	23,991
31,577	7,154	Impaired amounts receivable	31,577	7,154
120,786	128,044	Gross value	110,489	141,034
(4,610)	(7,154)	Impairment charge	(4,610)	(7,154)
116,176	120,890	Net value of trade receivables	105,879	133,880

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The Group received no collaterals as a security in relation to impaired amounts receivable.

As at 31 December 2014, the Company's trade receivables from Rokiškio Pienas UAB, Rokiškio Pieno Gamyba UAB and Jekabpils Piena Kombinats SIA amounted to LTL 970 thousand (31 December 2013: LTL 24,510 thousand), LTL 9,460 thousand (31 December 2013: LTL 15,401 thousand) and LTL 855 thousand (31 December 2013: LTL 492 thousand), respectively.

Trade receivables that are less than 360 days past due are not considered impaired if the Group does not possess other negative information about the solvency status of customers. The ageing analysis of trade receivables past due but not impaired as at 31 December is as follows:

Group			Company	
2014	2013		2014	2013
15,352	16,112	Up to 30 days	14,396	15,296
5,191	1,935	31 to 60 days	5,078	1,080
16	7,572	61 to 90 days	16	7,564
823	70	More than 91 days	181	51
21,382	25,689		19,671	23,991

22. Cash and cash equivalents

Group			Company	
At 31 December			At 31 December	
2014	2013		2014	2013
142	51	Short-term deposits	142	41
11,341	21,476	Cash at bank and in hand	3,535	17,832
11,483	21,527		3,677	17,873

As at 31 December 2014, cash balance in accounts pledged amounted to LTL 7,698 thousand (31 December 2013: monetary funds were not pledged).

For the purposes of the cash flow statement, cash and cash equivalents comprise as follows:

Group			Company	
At 31 December			At 31 December	
2014	2013		2014	2013
142	51	Short-term deposits	142	41
11,341	21,476	Cash at bank and in hand	3,535	17,832
11,483	21,527		3,677	17,873

23. Share capital

As at 31 December 2014, the share capital was divided into 35,867,970 (31 December 2013: 35,867,970) ordinary registered shares with par value of LTL 1 each. All the shares are fully paid.

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24. Treasury shares

	2014		2013	
	Number	Amount	Number	Amount
At beginning of the year	802,094	(3,868)	802,094	(3,868)
Treasury shares acquired	-	-	-	-
Reduction of share capital	-	-	-	-
	802,094	(3,868)	802,094	(3,868)

The Company did not acquire own shares during 2014 and 2013.

As at 31 December 2014, the Company had 802,094 own shares.

In respect of own shares, the Company is not entitled to property and non-property rights stipulated in the Lithuanian Law on Companies.

25. Other reserves and reserve for acquisition of treasury shares

Other reserves

Non-distributable reserves of LTL 3,593 thousand can only be used to increase the share capital and non-distributable reserves (legal reserves) of Rokiškio Sūris AB, Rokiškio Pieno Gamyba UAB and Rokiškio Pienas UAB amounting to LTL 3,840 thousand, LTL 1,920 thousand and LTL 770 thousand, respectively, can only be used to cover future operating losses, if any. The remaining amount of other reserves totalling LTL 25,461 thousand for the Company and LTL 34,059 thousand for the Group (2013: LTL 38,797 thousand and LTL 48,194 thousand, respectively) comprises the revaluation reserve of property, plant and equipment. (See below for the disclosure of the revaluation reserve).

Reserve for acquisition of treasury shares

In 2013 and 2014, no decisions were made regarding the establishment of the reserve for acquisition of treasury shares. As at 31 December 2014, the total amount of the reserve for acquisition of treasury shares remained unchanged and was equal to LTL 40,287 thousand.

Dividends

The dividends per share (excluding own shares) declared at the Company for the year 2013 and paid out in 2014 amounted to LTL 0.10 (with the nominal value of LTL 1 per share), and totalled LTL 3,507 thousand.

Revaluation reserve

Revaluation reserve represents an increase in the value of property, plant and equipment as a result of its revaluation. This reserve may not be used to cover losses. Movements in revaluation reserve are given in the table below:

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Company

At 1 January 2013	52,086
Depreciation of revalued amount of PP&E (Note 15)	(15,634)
Change in deferred tax liability on depreciation of revalued amount of PP&E recognised in the income statement (Note 18)	2,345
Depreciation of revalued amount of PP&E net of deferred income tax.	(13,289)
Revaluation reserve at 31 December 2013	38,7978
Depreciation of revalued amount of PP&E and disposals and write-offs of revalued assets (Note 15)	(15,690)
Change in deferred tax liability on depreciation of revalued amount of PP&E recognised in the income statement (Note 18)	2,354
Depreciation of revalued amount of PP&E, net of deferred income tax	(13,336)
Revaluation reserve at 31 December 2014	25,461

Group

At 1 January 2013	63,768
Depreciation of revalued amount of PP&E (Note 15)	(18,322)
Change in deferred tax liability on depreciation of revalued amount of PP&E recognised in the income statement (Note 18)	2,748
Depreciation of revalued amount of PP&E net of deferred income tax	(15,574)
Revaluation reserve at 31 December 2013	48,194
Depreciation of revalued amount of PP&E and disposals and write-offs of revalued assets (Note 15)	(16,629)
Change in deferred tax liability on depreciation of revalued amount of PP&E recognised in the income statement (Note 18)	2,495
Depreciation of revalued amount of PP&E, net of deferred income tax	(14,134)
Revaluation reserve at 31 December 2014	34,060

26. Borrowings

Group			Company	
2014	2013		2014	2013
		Non-Current		
		Non-current bank borrowings		
		Current		
54,831	82,187	Current bank and other borrowings	54,831	82,187
54,831	82,187	Finance lease liabilities	54,831	82,187
54,831	82,187	Total borrowings	54,831	82,187

The bank borrowings are secured over certain property plant and equipment (Note 15), inventories (Note 20), trade receivables (Note 21), cash in certain bank accounts (Note 22).

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Weighted average interest rates effective as at 31 December (per cent) were as follows:

Group			Company	
2014	2013		2014	2013
1.075	1.26	Current bank borrowings	1.075	1.26

The carrying amounts of the Group's borrowings (excluding finance lease liabilities) are denominated in the following currencies:

Group			Company	
2014	2013		2014	2013
54,831	82,187	EUR	54,831	82,187
-	-	LTL	-	-
54,831	82,187		54,831	82,187

Fair value of borrowings approximates their carrying values due to the fact that interest rate on borrowings is subject to repricing on a daily, monthly or quarterly basis

As at 31 December 2014, under the agreements signed with banks the unused balance of credit lines amounted to LTL 76,080 thousand for the Company and the Group (2013: LTL 25,949 thousand).

The Group is not in breach of borrowing limits or covenants (where applicable) established.

27. Deferred income

Group			Company	
2014	2013		2014	2013
5,112	6,232	Government grants at beginning of year	2,744	3,298
-	889	New grants received	-	889
(1,298)	(2,009)	Amortisation of deferred income to match related depreciation	(795)	(1,443)
3,814	5,112		1,949	2,744
(2,691)	(3,805)	Less: non-current portion	(1,291)	(1,949)
1,123	1,307	Current portion	658	795

Deferred government grant is related to acquisition of property, plant and equipment using the European Union funds and the funds of the Lithuanian Government under the SAPARD, Rural Development Programme and other programmes. The Company has no obligation to repay or otherwise refund the grants received unless it breaches the contractual provisions contained in the agreements concluded with the grantors.

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28. Trade and other payables

Group			Company	
2014	2013		2014	2013
49,579	56,564	Trade payables	42,099	48,323
4,411	4,611	Salaries, social security and taxes	2,760	2,797
19,490	11,358	Received prepayments and other payables	19,436	609
6,433	7,122	Bonuses and vacation reserve	4,306	6,563
79,913	69,655		68,601	58,292

As at 31 December 2014 and 31 December 2013, there were no amounts payable to Rokiškio Pieno Gamyba UAB and Rokiškio Pienas UAB.

29. Provisions

As at 31 December 2014, the Company had no provisions established.

30. Contingent liabilities and commitments

Contingent liabilities

As at 31 December 2013 and 2014, no guarantees were granted to third parties on behalf of the Group and the Company.

Capital expenditure commitments

As at 31 December 2014, there were no capital expenditure contracted for property, plant and equipment at the balance sheet date but not recognised in the financial statements. As at 31 December 2013, capital expenditure contracted for property, plant and equipment at the balance sheet date but not recognised in the financial statements amounted to LTL 4,118 thousand.

Operating lease commitments – where the Group is the lessee

The Group leases cars, premises, plots of land under operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Group			Company	
2014	2013		2014	2013
508	384	Not later than 1 year	508	384
474	472	Later than 1 year but not later than 5 years	474	472
982	856		982	856

31. Available-for-sale financial assets

As at 31 December 2014, the Company had no available-for-sale financial assets.

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32. Cash generated from operations

Reconciliation of profit before income tax to cash generated from operations:

Group At 31 December			Company At 31 December	
2014	2013		2014	2013
(2,084)	35,070	Net profit (loss) before income tax	(24,736)	66,574
		Adjustments for:		
31,584	35,532	– depreciation (Note 15)	24,350	27,680
503	207	– amortisation and impairment charge (Note 16)	50	206
		– write-off of property, plant and equipment and intangible assets (Notes 15 and 16)	39	112
44	112			
1,682	361	– loss on disposal of property, plant and equipment (Note 10)	1,683	361
		– interest expense (Note 12)	1,024	722
1,397	1,157			
(2,979)	(2,891)	– interest income (Note 8)	(2,364)	(2,331)
19,380	500	– write-offs of inventories to net realisable value	19,380	500
		– impairment of doubtful receivables and write-offs of bad receivables (Note 21)	(4,610)	(7,154)
(4,610)	(7,154)			
(1,070)	(532)	– provisions for loans granted to farmers (Note 7)	(1,070)	(532)
521	-	– loss on disposal of investments	-	-
(1,640)	(4,827)	– accrual for vacation reserve and bonus	(701)	(4,346)
(1,298)	(2,009)	– amortisation of government grants received (Note 27)	(795)	(1,443)
	-	– dividend income (Note 33)	(3,614)	(30,344)
		Changes in working capital:		
25,673	(24,906)	– amounts receivable and prepayments	56,203	(47,631)
(42,941)	(34,164)	– inventories	(44,678)	(32,797)
15,897	41,749	– amounts payable	6,574	18,967
40,059	38,205	Net cash generated from/(used in) operations	26,735	(11,456)

In the statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

Group At 31 December			Company At 31 December	
2014	2013		2014	2013
2,080	798	Net book amount (Note 15)	1,878	885
(1,682)	(361)	Loss on disposal of property, plant and equipment (Note 10)	(1,683)	(361)
398	437	Proceeds from sale of property, plant and equipment	195	524

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33. Related-party transactions

The Group is controlled by Pieno Pramonės Investicijų Valdymas UAB (incorporated in Lithuania), RSU Holding SIA (incorporated in Latvia) and Mr Antanas Trumpa (the Company's director) which hold 68.24 per cent of the Company's share capital. A private limited liability company Pieno Pramonės Investicijų Valdymas UAB is controlled by Mr Antanas Trumpa (acting as a main shareholder). RSU Holding SIA is controlled by Mr Antanas Trumpa (acting as a main shareholder). The remaining 28.30 per cent of shares of the Company is held by other minority natural and legal persons operating in Lithuania and foreign countries. Rokiškio Sūris AB has acquired 802,094 units of its own shares (2.24 per cent).

Members of the Board of Pieno Pramonės Investicijų Valdymas UAB, RSU Holding SIA and Rokiškio Sūris AB and their family members are treated as related parties.

Certain cooperative societies engaged in the production of milk are treated as related parties of the Company because the Company can exercise a significant influence over daily activities of these cooperative societies through close family members of its directors and certain employees.

(i) *The following transactions were carried out with related parties:*

Group At 31 December			Company At 31 December	
2014	2013		2014	2013
11,055	17,673	Purchase of raw milk from other related parties	114,651	128,772
-	-	Purchase of non-current assets	1	-
-	-	Purchase of inventory	34,927	28,718
4,477	4,659	Purchases of services	8,751	7,403
-	-	Purchase of consulting services	-	-
1	1	Sales of transportation services to other related parties	7,996	7,643
1,452	1,461	Sales of production and other inventories	169,322	195,561
-	-	Sale of non-current assets	-	1,549
336	255	Interest charges on credit facility	702	255

With effect from 1 January 2012, according to the agreement dated 2 January 2012, aiming to correctly disclose internal turnovers of Rokiškio Sūris AB and Rokiškio Pienas UAB until 31 May 2013 and Rokiškio Pieno Gamyba UAB from 1 June 2013, the Group's management decided that raw material used for the manufacturing of products exported by Rokiškio Sūris AB should be purchased at the zero price and products produced by Rokiškio Pienas UAB until 31 May 2013 and Rokiškio Pieno Gamyba UAB from 1 June 2013 should be sold as a service, i.e. excluding the value of raw material.

(ii) *Year-end balances arising from transactions with related parties:*

Group At 31 December			Company At 31 December	
2014	2013		2014	2013
80	93	Non-interest bearing loans granted to Senior Management (and their family members)	80	93
		Credit facility granted to Pieno Pramonės Investicijų Valdymas UAB		
16,769	17,884		16,769	17,884
-	-	Loan granted to Jekabpils Piena Kombinats SIA	3,570	6,073
-	-	Trade payables to other related parties	4,120	7,728
-	-	Trade receivables from other related parties (Note 21)	11,291	40,752

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On 25 April 2014, based on paragraph 4 of the decision passed by the shareholder of Rokiškio Pieno Gamyba UAB (Minutes No. 1) it was decided to approve of the profit (loss) appropriation for 2013 of Rokiškio Pieno Gamyba UAB and allocate LTL 2,950,000 for the payment of dividends. Dividends were paid to Rokiškio Sūris AB in May 2014. Based on the decision of the shareholder of Rokiškio Pienas UAB, dividends in 2014 were not paid (2013 - LTL 30 344 thousand). From Jekabpils Piena Kombinats SIA received dividends during 2014 amounted to LTL 363 thousand (2013 LTL 492). From UAB „Pieno upės“ received dividends during 2014 amounted to LTL 300 thousand (2013 LTL 11 thousand).

(iii) Compensation of key management personnel

2014	2013		2014	2013
1,374	3,580	Salaries	1,374	3,580
3,851	4,220	Bonuses / management bonuses paid	2,868	1,168
-	1,168	Accrual for management bonuses	-	1,168
208	194	Social security contributions	208	194
5,433	9,162		4,450	6,110

Key management includes 9 (2013: 9) members of the Board and Senior Management.

34. Events after the end of the reporting period

On 11 February 2014, the amendment to the credit agreement was signed with the bank on the increase of the overdraft limit to EUR 1,000,000 and the extension of the repayment term until 31 January 2016, the increase of the credit limit to EUR 24,000,000, and the extension of the validity term of the credit limit agreement until 15 February 2016. The total credit limit amounts to EUR 25,000,000. Interest rate established remained unchanged.



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1. Reporting term of the submitted annual report.

The consolidated annual report is prepared for the year 2014.

2. Key information of the issuer:

Name of the issuer: Joint stock Company "Rokiskio suris"
Legal base: Joint Stock Company
Address: Pramonės str. 3, LT 42150 Rokiskis, Republic of Lithuania
Telephone: +370 458 55 200, fax +370 458 55 300
E-mail address: rokiskio.suris@rokiskio.com
Website: www.rokiskio.com
Registered in: 28th February 1992 by the Authorities of Rokiskis region.
Re-registered in: 28th November 1995 by the Ministry of Economy of Lithuania
Company code: 173057512
Administration of registry of legal entities:
The State Enterprise Centre of Registry VI "Registru centras"

The authorized capital of AB "Rokiskio suris" equals to LTL 35,867,970.

There are 35,867,970 shares. Nominal value per share equals to LTL 1 (one litas).

3. Information on the issuer's daughter enterprises and subsidiaries

As at 31st December 2014, the consolidated group (hereinafter the "Group") consists of the Parent Company AB "Rokiskio suris", two branches, and five subsidiaries (in 2013: Parent Company AB "Rokiskio suris", two branches, five subsidiaries and one joint venture. The following table provides information on the subsidiaries and branches included into the consolidated financial accounting:

	Actively performing as at 31 st December 2014			Share of the group (%) as at 31 st December 2014	
	2014	2013		2014	2013
Subsidiaries			Branches		
Utenos pienas	Yes	Yes	UAB „Rokiškio pienas“	100.00	100.00
Ukmergės pieninė	Yes	Yes	UAB „Rokiškio pieno gamyba“	100.00	100.00
			PK „Žalmargė“	100.00	100.00
			SIA Jekabpils piena kombinats	100.00	100.00
			SIA Kaunata*	60.00	60.00
			Joint venture		
			UAB „Pieno upės“	-	50.00

*- The subsidiaries are not consolidated with the Group due to their insignificance.

Branches of AB "Rokiškio sūris":

UAB „Rokiskio pienas“ legal address: Pramonės g. 8, LT - 28216 Utena. Company code: 300561844. AB „Rokiškio sūris“ is its founder and the only shareholder having 100 per cent of shares.

UAB „Rokiškio pieno gamyba“ legal address: Pramonės str. 8, LT - 28216 Utena. Company code: 303055649. AB „Rokiškio sūris“ is its founder and the only shareholder having 100 per cent of shares.

Dairy cooperative „Žalmargė“ legal address: Kalnalaukio g. 1, Širvintos. Company code: 178301073.

Latvian company SIA Jekabpils piena kombinats (company code 45402008851, legal address: Akmenu iela 1, Jekabpils, Latvija LV-5201).

Latvian company SIA „Kaunata“ (company code 240300369, legal address Rogs street, Kaunata pag., Rezeknes nov., Latvia).

Subsidiaries of AB "Rokiškio sūris":

AB „Rokiškio sūris“ subsidiary Utenos pienas (Company code: 110856741, Pramonės str. 8, LT-28216 Utena);

AB „Rokiškio sūris“ subsidiary Ukmergės pieninė (Company code: 182848454, Kauno str. 51, LT-20119, Ukmergė).

4. Characterisation of the issuer's basic business

Basic business of the group of "Rokiškio sūris":

- Dairying and cheese production (EVRK 10.51);

AB „Rokiškio sūris“

Basic business of AB „Rokiškio sūris“ is production and sales of fermented cheese, whey products, and skim milk powder.

Branch companies:

Basic business of UAB „Rokiškio pienas“ is sales of fresh dairy products (fluid milk, kefir, sour milk, butter, curds, fresh cheese, sour cream, chocolate coated curds dessert, desserts).

Basic business of UAB „Rokiškio pieno gamyba“ is production of fresh dairy products (fluid milk, kefir, sour milk, butter, curds, fresh cheese, sour cream, chocolate coated curds dessert, desserts).

Basic business of KB „Žalmargė“ is purchase of raw milk.

Basic business of SIA Jekabpils piena kombinats – purchase of raw milk.

Basic business of SIA Kaunata – purchase of raw milk.

Subsidiaries of AB "Rokiškio sūris":

Basic business of AB „Rokiškio sūris“ branches Utenos pienas and Ukmergės pieninė is purchase of raw milk.

5. Contracts with financial brokers

On 24th December 2003, AB „Rokiškio sūris“ made a contract with UAB FMĮ „Baltijos vertybiniai popieriai“ (Gedimino pr.60, Vilnius) regarding administration of shareholders of AB „Rokiškio sūris“. On 15th January 2007, the financial company changed its name into UAB FMĮ „Orion securities“ (A.Tumėno str. 4 , LT-01109 Vilnius).

6. Trade on issuer's securities by stock exchange and other organised markets

35,867,970 ordinary registered shares of AB "Rokiškio sūris". Nominal value per share LTL 1 (one litas). (VVPB symbol RSU1L; ISIN code – LT0000100372). Total nominal value equals to LTL 35,867,970.

AB "Rokiškio sūris" shares are traded on Vilnius Stock Exchange NASDAQ OMX, the shares are included on the Official Trading List. The Company was included on the trading lists on 25th July 1995.

The Company's shares are traded on the comparative index of Baltic countries in OMX Baltic Benchmark.

As from 22nd November 2010, trade by the Company's shares is made in euros on Stock Exchange NASDAQ OMX Vilnius.

7. Authorized capital of the issuer:

As at 31st December 2014, the Authorized capital of AB "Rokiškio sūris" comprised of:

Type of shares	Number of shares	Nominal value, LTL	Total nominal value, LTL	Share of authorized capital (%)
Ordinary registered shares	35,867,970	1	35,867,970	100.00

All shares of AB „Rokiškio sūris“ are paid-up, and they are not subject to any limitations of transference.

8. Limitation on transference of securities:

There are no limitations to be applied to the block of shares or any regulations according to which an agreement with the company or other owners of securities is required.

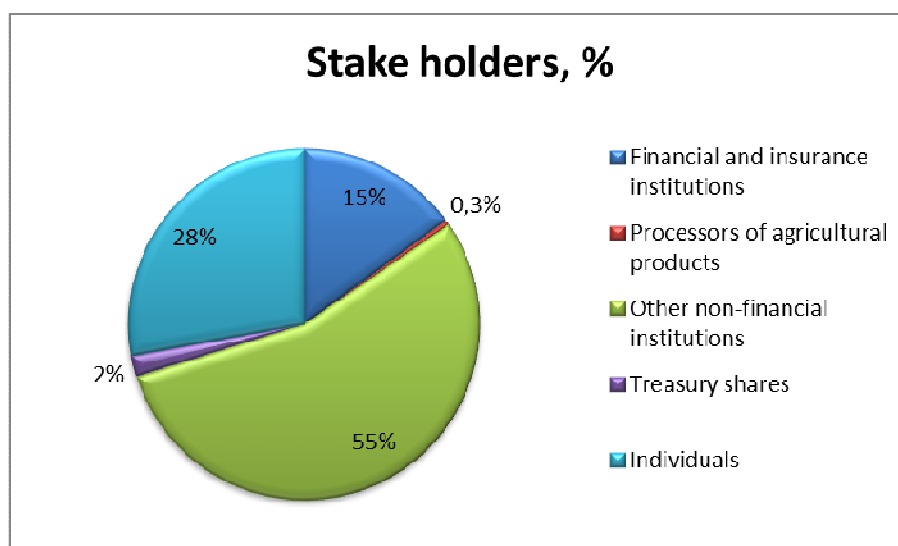
9. Shareholders.

Total number of shareholders (as at 31.12.2014) – 5,502 shareholders.

The shareholders having or owning over 5 percent of the issuer's authorized capital (as at 31.12.2014):

Name, surname Name of company Code of company	Address	Proprietary rights			With associated persons	
		Number of shares	Share of the capital %	Share of votes %	Share of the capital %	Share of votes %
UAB "Pieno pramonės investicijų valdymas" Company code 173748857	Pramonės str. 3, Rokiškis	10,032,173	27.97	28.61	70.47	72.08
SIA "RSU Holding" Reg. Nr.40103739795	Sliezu iela 9A-25, Riga	8,909,347	24.84	25.41	70.47	72.08
Antanas Trumpa	Sodų 41a, Rokiškis	6,199,875	17.29	17.68	70.47	72.08
Swedbank clients Company code 10060701 EE 40003074764 LV	Liivalaia 8, Tallinn Estonia/ Balasta Dambis 1A, Latvia	2,490,741	6.94	7.10	-	-
SEB SA OMNIBUS (fund/inst clients luesse22)	Luxembourg	1,778,605	4.96	5.07	-	-
AB "Rokiškio sūris" Company code 173057512	Pramones str. 3, Rokiškis, Lithuania	802,094	2.24	-	-	-

Distribution of ownership according to holder groups



10. Shareholders' rights

Shareholders have the following non-economic rights:

- 1) to attend the general meetings of shareholders;
- 2) to make advance inquiries addressed to the company in regards with the items on the agenda of general meeting of shareholders;
- 3) based on the rights provided with the shares to vote on the general meetings of shareholders;
- 4) according with Part 1 of Article 18 of the Law on the Joint Stock Companies to obtain information on the company's operations;
- 5) to address the court requesting to bring an action of damages against the company if the damage was caused by noncompliance or inadequate compliance with duties of the company manager and board of directors as stated by the Law on Joint Stock Companies of the Republic of Lithuania or other laws, as well as the Articles of Association and or in any other cases as stated by the Lithuanian Laws;
- 6) other non-economic rights established by the Lithuanian Laws.

Shareholders have the following property rights:

- 1) to receive a certain portion of the Company's profit (dividend);
- 2) to receive a certain portion of the company's funds when its authorized capital is decreased in order to pay out the fund to shareholders;
- 3) to receive shares without payment if the authorised capital is increased from the funds of the Company;
- 4) to have priority in acquiring the newly issued shares or convertible bonds of the Company unless the General Meeting of the Shareholders resolves to waive such right complying with the applicable Law;
- 5) to lend to the Company as determined by the Laws of the Republic of Lithuania, the company however cannot mortgage its assets when borrowing from shareholders. When the company borrows from shareholders the interest cannot exceed the average interest rate of the local commercial banks on the day of contracting. In this case the company and shareholders must not agree regarding the higher rate of interest;
- 6) to receive a portion of assets of the Company in liquidation;
- 7) other property rights established by the Lithuanian Laws.

The rights identified by points 1, 2, 3 and 4 are provided to the persons who were the company's shareholders at the end of the tenth working day after the corresponding general meeting of shareholders.

11. Shareholders with special control rights and description of the rights.

There are no shareholders with special control rights.

12. Overall limitations of voting rights.

As at 31st December 2013, AB „Rokiškio sūris“ owns 802,094 units of own shares. The shares are not assigned with the voting right. It makes 2.24% of the Authorized capital of AB “Rokiškio sūris”. There are no other shares with limited voting rights.

13. Overall agreements between shareholders.

The issuer is not aware of any agreements between shareholders which would restrict transference of securities and (or) voting rights.

14. Employees

Management structure of the Group of AB „Rokiškio sūris“

AB „Rokiškio sūris“ Group's (hereinafter The Group) management structure is formed in line with the key functions such as Sales, Production, Finance management, Milk procurement, Logistics, Central services, and Development. The Functional Directors condition and develop the Group's strategy, tactics and targets in accordance with the functions.

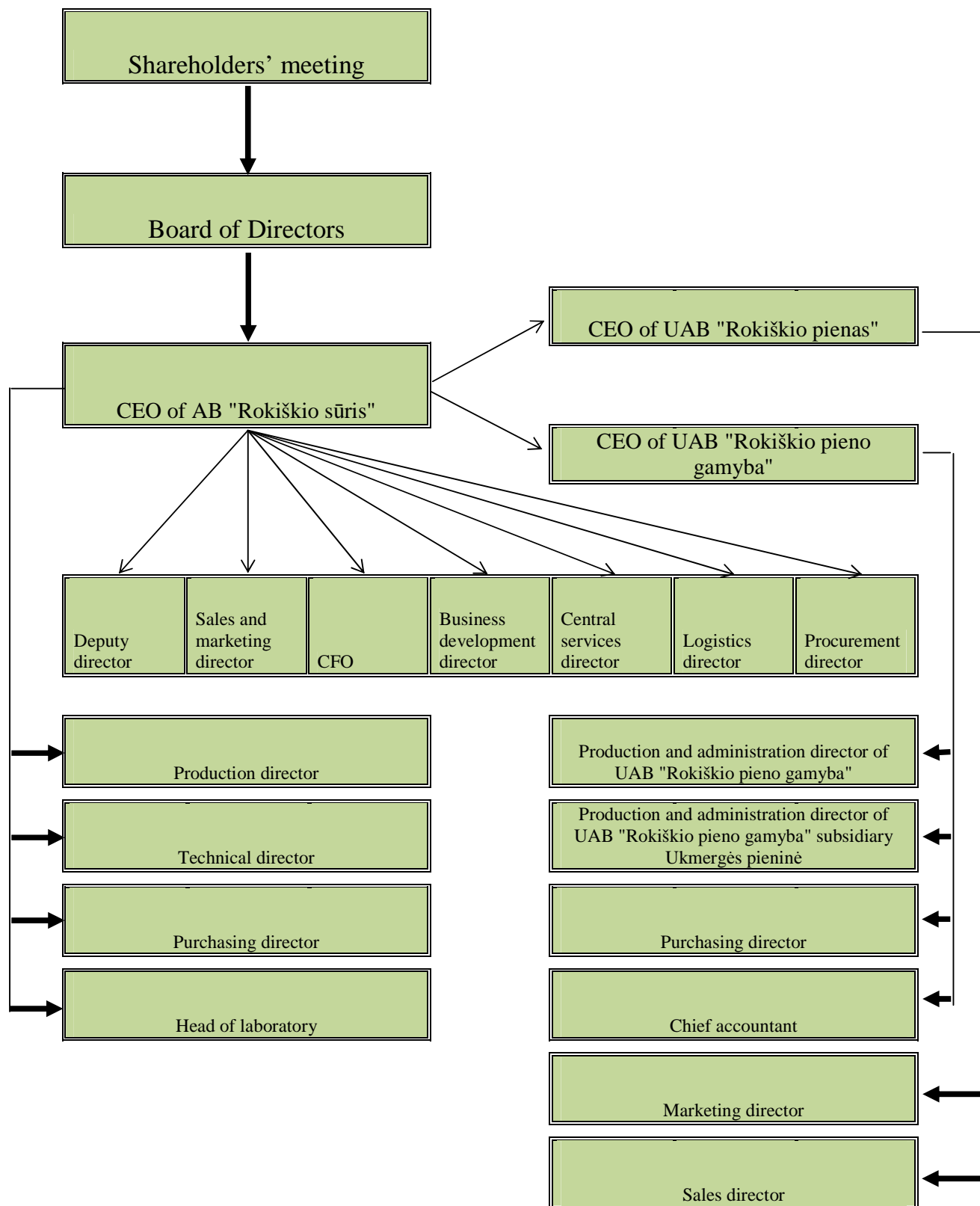
As at 31st December 2014, the number of employees working for the group of AB „Rokiškio sūris“ amounted to 1,665 (average number of employees).

The table shows average number of employees of Rokiškio sūris group and variation of average salaries in 2014:

Average number of employees	2014.12.31	2013.12.31
Total:	1665	1720
Incl. Managers	10	10
Specialists	289	317
Workers	1366	1393
Average monthly salary, Lt	2014.12.31	2013.12.31
Total:	2764	2518
managers	5394	5148
specialists	2914	2573
workers	2628	2428

Education of the employees working for Rokiskio suris

Education	2014.12.31	2013.12.31
University degree	159	160
Vocational school	784	803
High school	708	727
Unfinished high school	14	30



For the top managers of AB „Rokiškio sūris“, training of personnel and development of specific and common skills are the top priorities, as educated employees with proper skills and experience exclusively are capable to create a product of high quality. The company's employees are provided with wide range of opportunities to study and improve their skills at various trainings, seminars and conferences, also the company supports professional studies at the country's universities, colleges or other educational institutions providing degrees of qualification.

Also, the Company arranged some targeted trainings and seminars for farmers in order to enhance their knowledge of animal health and its protection, maintenance of milking equipment as well as milk cooling and storage equipment, and to modernize their dairy farms. A modern dairy farm, raw milk quality and healthy herd ensure successful dairy business.

Employees of both companies have their right to participate in the activities of trade unions. There is a Trade-Union Committee established in the companies which protects the economic and social rights and interests of its members in light of employment, social guarantees, training, professional improvement as well as establishment of professional ethics, and aim to increase income of the food industry employees.

The company has put in practice Labour Deals. The contract is made between the director of AB Rokiskio suris and Trade-Union Committee of AB Rokiskio suris. The main purpose of the contract is to harmonize performance of the collective, and to guarantee better rights and conditions of employment, remuneration, safety and health protection, social guarantees and similar, compared to the ones established by the Laws and other legal documents of the Republic of Lithuania.

Rights and responsibilities of the company employees are provided by Job descriptions. There are no special rights and responsibilities provided by job contracts.

In accordance with the corporate strategy approved by the Board of Directors the Company's key operational targets cover all functional areas such as finance, marketing, procurement, production and control of human resources and their achievements. In order to reach the set targets the company has established an internal control system as well as the Audit Committee. The main functions include analyzing and evaluation, also providing recommendations for improvement of the Company's operational performance. The findings of Audit Committee are presented to the Company's management, and an action plan is prepared accordingly in order to eliminate identified weaknesses.

Both AB "Rokiskio suris" and UAB "Rokiskio pienas" are socially responsible companies ensuring good conditions for the employee work and relaxation as well as supporting lots of the country's events in the field of science, sports, and culture. In October 2012, "Bureau Veritas Lit" performed an audit of UAB "Rokiskio pienas". Consequently, the company was granted the ISO certificate confirming that the system of social responsibility currently effective in the Company was evaluated and it complies with the requirements of management system standard SA8000:2008. At the end of 2013, in the company AB Rokiskio suris it was conducted a 4-Pillar SMETA audit which included Labour Standards, Health and Safety Business Practices and Environment. The SMETA Best Practice Methodology was applied. At the beginning of 2014, the full report will be included into the SEDEX system as soon as the corrective actions improving the identified incorrectness are implemented.

15. Procedure for amendments of the Articles of Association

Pursuing the Articles of Association of AB „Rokiškio sūris“, the Articles may be exclusively changed by the general meeting of shareholders, except the cases provided by the Law on joint stock companies of the Republic of Lithuania. To accept the decision changing the Articles of Association, it is needed 2/3 of votes of total participants in general meeting of shareholders.

16. Transactions with related parties and significant agreements

1. The Group is controlled by UAB „Pieno pramonės investicijų valdymas“ (established in Lithuania), SIA “RSU Holding” (established in Latvia) and Antanas Trumpa (Director of the Company) who altogether own 68.24 per cent of the Company’s Authorized Capital. The Closed Joint stock Company „Pieno pramonės investicijų valdymas“ is controlled by Antanas Trumpa (as a major shareholder). SIA “RSU Holding” is controlled by Antanas Trumpa (as a major shareholder). The rest part of 28.30 per cent of the company’s shares belongs to various minor shareholders in Lithuania and foreign countries. The company has acquired 802,094 own shares (2.24 per cent). The major shareholders of AB Rokiskio suris owning more than 5 per cent of the company’s authorized capital are identified at point 9 of the report.

UAB „Pieno pramonės investicijų valdymas“, SIA “RSU Holding” and members of the Board of Directors and their family members are considered to be related parties.

Some cooperative companies directed to milk production are considered as related parties also, because the Company may have significant influence on them through close relatives of the directors and some employees.

2. There are no significant agreements whose one party is the issuer and which would get in power, change or terminate upon the changed issuer’s control as well as there is no such influence except the cases when the disclosure of certain agreements would make significant damage on the issuer.

3. There are no agreements between the issuer and its members or employees providing any compensation upon their resignation or dismissal from job without reliable reason or in case of job termination due to the change issuer’s control.

Transactions with related persons/ parties are disclosed in Remark 33 (page 49) of Financial accounting.

17. Key characteristics of the securities launched to the public trading:

As at 31st December 2014, it was launched to the public trading 35,867,970 (thirty five million eight hundred sixty seven thousand nine hundred seventy) ordinary registered shares. Nominal value equals to LTL 1 (one litas) per share, total nominal value of shares is LTL 35,867,970 (thirty five million eight hundred sixty seven thousand nine hundred seventy litas).

18. Securities listed on the official trading list

The 35,867,970 ordinary registered shares of AB “Rokiškio sūris“ are listed on the **Official List of NASDAQ OMX Vilnius Stock Exchange**. (VVPB symbol RSU1L). Nominal value per share 1 (one) litas.

The Company has not issued any debt securities for the public stock trading.

The Company has not issued nor registered any debt securities for the non-public stock trading.

There are no securities which would not participate as a part of the Authorized Capital and be regulated by the Law on Securities.

The shares were not traded by other stock exchanges or similar regulated markets. As from 22nd November 2010 the trade on stock markets is performed in euros.

Trade by shares of AB Rokiskio suris on NASDAQ OMX Vilnius Stock Exchange Vilnius Stock Exchange:

Trade on central market:

Reported period		Price (Eur)				Turnover (Eur)			
from	to	max	min.	aver.	Last session	Date of last trading session	max	min	Last session
2012.01.01	2012.03.30	1.388	1.29	1.360	1.359	2012.03.30	118,945.00	0	0
2012.04.01	2012.06.30	1.40	1.25	1.36	1.360	2012.06.29	108,953.50	0	4,128.00
2012.07.01	2012.09.30	1.40	1.30	1.37	1.40	2012.09.28	641,665.74	0	1,158.70
2012.10.01	2012.12.31	1.47	1.33	1.37	1.40	2012.12.28	390,622.20	0	1,950.00
2013.01.01	2013.03.28	1.59	1.39	1.46	1.57	2013.03.30	77,386.93	0	4,671.62
2013.04.01	2013.06.28	1.63	1.44	1.49	1.50	2013.06.28	335,690.00	0	5,992.78
2013.07.01	2013.09.30	1.64	1.48	1.57	1.64	2013.09.30	93,753.10	0	93,753.10
2013.10.01	2013.12.31	1.62	1.50	1.55	1.59	2013.12.30	265,880.80	0	1,162.22
2014.01.01	2014.03.31	1.74	1.59	1.68	1.70	2014.03.31	106,298.00	0	0
2014.04.01	2014.06.30	1.70	1.55	1.59	1.65	2014.06.30	813,077.60	0	907.50
2014.10.01	2014.12.31	1,57	1,38	1,50	1,38	2014.12.30	69 146,00	0	814,20

Trade by the shares of AB "Rokiškio sūris" within January-December 2014

Price EUR



Data source – website of AB NASDAQ OMX Vilnius:

<http://www.nasdaqomxbaltic.com/market/?instrument=LT0000100372&list=2&pg=details&tab=historical&lang=en¤cy=0&downloadcsv=0&date=&start=01.01.2014&end=31.12.2014>

Trade by the shares of AB "Rokiškio sūris" within January-December 2013

Price EUR



Data source – AB NASDAQ OMX Vilnius website:

http://www.nasdaqomxbaltic.com/market/?instrument=LT0000100372&list=2&pg=details&tab=historical&lang=en¤cy=0&downloadcsv=0&date=&start_d=1&start_m=1&start_y=2013&end_d=31&end_m=12&end_y=2013

Trade by the shares of AB "Rokiškio sūris" within January-December 2012

Price EUR



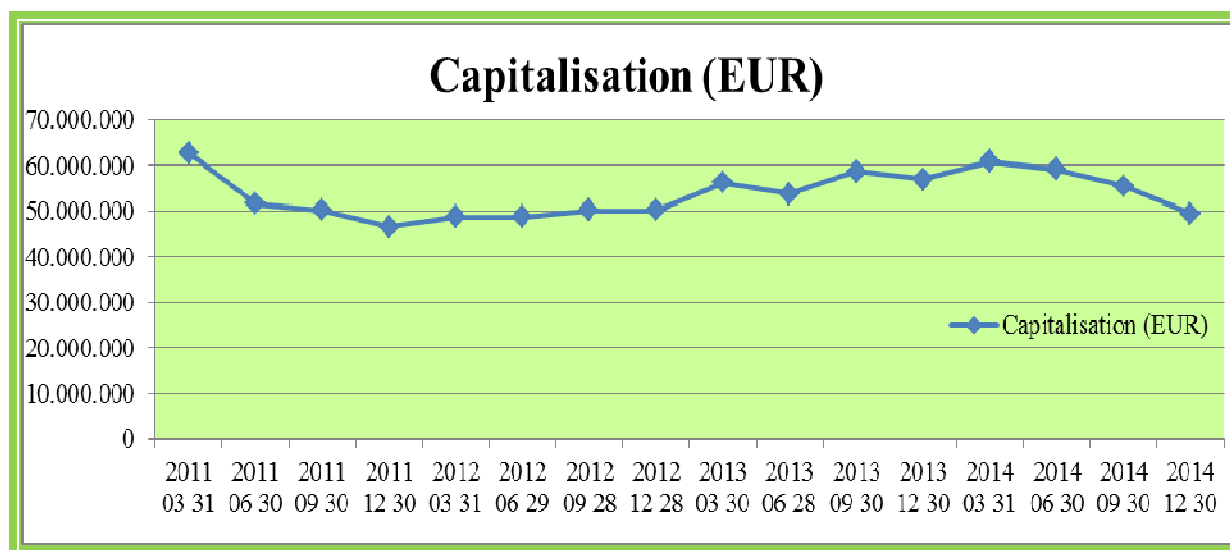
Data source – AB NASDAQ OMX Vilnius website:

http://www.nasdaqomxbaltic.com/market/?instrument=LT0000100372&list=2&date=2013-04-02&pg=details&tab=historical&lang=en¤cy=0&downloadcsv=0&start_d=1&start_m=1&start_y=2012&end_d=31&end_m=12&end_y=2012

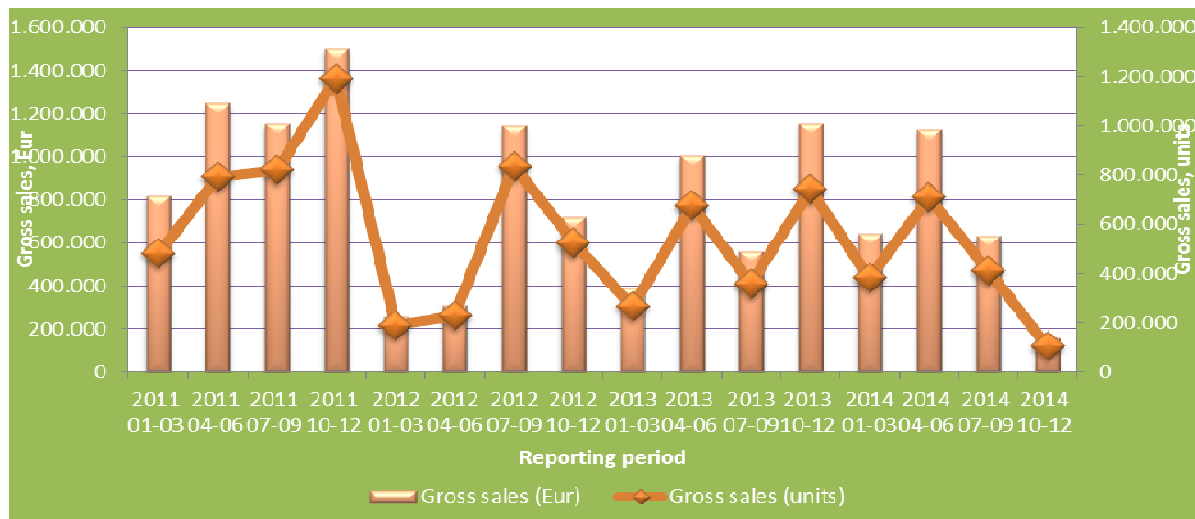
19. Capitalization of securities.

from	to	Total turnover		Date of last trading session	Capitalisation (Eur)
		(units)	(Eur)		
2011.01.01	2011.03.31	482 039	817 582.95	2011.03.31	62 768 948
2011.04.01	2011.06.30	791 936	1 246 500.83	2011.06.30	51 649 877
2011.07.01	2011.09.30	821 016	1 152 527.70	2011.09.30	50 215 158
2011.10.01	2011.12.30	1 192 435	1 498 010.23	2011.12.30	46 556 625
2012.01.01	2012.03.31	189 564	257 712.33	2012.03.31	48 744 571
2012.04.01	2012.06.30	228 464	310 179.89	2012.06.29	48 780 439
2012.07.01	2012.09.30	835 557	1 142 089.88	2012.09.28	50 215 158
2012.10.01	2012.12.31	525 165	717 997.30	2012.12.28	50 215 158
2013.01.01	2013.03.31	265 841	389 055.13	2013.03.30	56 312 713
2013.04.01	2013.06.30	675 596	1 005 631.66	2013.06.28	53 801 955
2013.07.01	2013.09.30	358 981	562 423.85	2013.09.30	58 823 471
2013.10.01	2013.12.31	743 434	1 154 134.97	2013.12.30	57 030 072
2014.01.01	2014.03.31	381 601	340 913.17	2014.03.31	60 975 549
2014.04.01	2014.06.30	708 846	1 124 285.96	2014.06.30	59 182 150
2014.07.01	2014.09.30	410 778	629 526.69	2014.09.30	55 595 354
2014.10.01	2014.12.31	103 884	155 655.60	2014.12.30	49 497 799

Capitalisation of the company's securities within 2011-2014, Eur



Turnover of the company's securities in 2011-2014 (units and Eur)



Baltic market indexes: (2014.01.01-2014.12.31)



Data of the chart:

Index/Equity	01.01.2014	31.12.2014	+/- %
OMX Baltic Benchmark GI	613.50	566.56	-7.65
OMX Vilnius	421.60	452.42	7.31
OMX Baltic Benchmark PI	369.35	328.61	-11.03
RSU1L	1.590 EUR	1.380 EUR	-13.21

Share price DIAGRAM: AB „Rokiškio sūris“ (RSU1L), AB „Pieno žvaigždės“ (PZV1L), AB „Žemaitijos pienas“ (ZMP1L) and AB „Vilkyškių pieninė“ (VLP1L):

Baltic market indexes:

(2014.01.01-2014.12.31)



Index/Equity	01.01.2014	31.12.2014	+/-%
RSU1L	1.590 EUR	1.380 EUR	-13.21
VLP1L	1.570 EUR	2.000 EUR	27.39
ZMP1L	0.774 EUR	0.703 EUR	-9.17
PZV1L	1.870 EUR	1.550 EUR	-17.11

20. The Group's consolidated and parent company's audited financial accounts for the year 2014

The Group's consolidated and parent company's audited financial accounts for the year 2014 are provided.

21. Information on purchase of issuer's own shares

During the financial year 2014, AB „Rokiškio sūris“ has not bought any own shares. The currently owned treasury shares (802,094 ordinary registered shares) were bought via Stock Exchange NASDAQ OMX Vilnius, which is affecting the submarket of official tender offer. It was paid LTL 3,865,000 for the shares. The shares make 2.24 per cent of the company's authorized capital. The company does not have the right to employ property and non-property rights using the own shares as stated by the Law on Joint Stock Companies.

22. Legal grounds of the issuer's performance

The performance of AB „Rokiškio sūris“ is guided by the Law on Joint Stock Companies of the Republic of Lithuania, the Law on Securities, the Company's Articles of Association and other legal documents valid in Lithuania and applied to company practice.

23. Belonging to the associated organizations

AB "Rokiškio sūris" is a member of the Lithuanian Dairymen Association "Pieno centras". Moreover, it participates in the activities of the Chamber of Commerce, Industry and Trade of Panevezys. The activities of the Lithuanian Dairymen Association are regulated by the Law on Associations of the Republic of Lithuania and by the Confederation Regulations.

On 20th February 2010 AB „Rokiskio suris“ established an association together with other processors of agricultural production. The activities of the Association are regulated by the Law on Associations of the Republic of Lithuania, articles of association and other legal acts.

In the beginning of 2015, AB „Rokiškio sūris“ became a member of Rokiskis business club. The club unites large and small businesses of the region of Rokiskis, and it aims to improve business conditions in the region with an active support of governing bodies of the region.

24. Brief description of the issuer's history



AB "Rokiškio sūris" is one of the largest and most modern dairy production companies in Lithuania. The main activity of the company is production and sales of fermented cheese, fresh dairy products, butter, milk powders, whey and other milk products.

Specialized "Rokiškio" cheese production was planned and started to build in 1964, whereas at the beginning of 1966 the company started its work. From the very beginning of the company's business

fermented cheese became its main product. In 1980 the company started the first reconstruction phase by putting into action a new cheese production department. The second reconstruction phase was in 1988 when the construction of new milk receiving machinery and full cream milk production departments was completed. In 1991 a new Finnish cheese maturation base was put into action.

In 1992, the state-owned enterprise "Rokiškio sūrio gamykla" was privatized and reorganized into a joint stock company "Rokiškio sūris". In 1993 the remaining governmental enterprise shares were sold. Following the decisions of the Government, in 1994 the company indexed its property. During the period from 1993 to 2002 the company's share capital increased 7 times with the help of additional contributions, 2 times thanks to own means and 3 times due to reorganization. In 2000, after affiliation of AB "Utenos pienas", and in 2002, after affiliation of "Eišiškių pieninė" the authorized capital was no longer increased.

In 1997, 150 000 of nominal equity were distributed in the form of international depository notes (GDR).

To secure constant material supply and to strengthen its position in the local market, AB "Rokiškio sūris" affiliated "Zarasų pieninė" in 1995, in 1996 – "Ukmergės pieninė", in 1998 "Šalčininkų pieninė", in 2000 "Utenos pienas" and in 2002 – "Eišiškių pieninė". In all these dairies the company created its subsidiary companies.

In the months of November and December, 2000 AB "Rokiškio sūris" increased the share portfolio of AB "Švenčionių pieninė" up to 90.6%.

In December, 2000 AB "Rokiškio sūris" acquired 49.9% of AB "Eišiškių pieninė" share portfolio, whereas in March, 2002 AB "Rokiškio sūris" increased the share portfolio of AB "Eišiškių pieninė" up to 100% of authorized capital and votes.

In March, 2001 AB "Rokiškio sūris" purchased 49.9% of AB "Varėnos pieninė" share portfolio.

In October, 2001 AB "Rokiškio sūris" purchased 49.9% of AB "Ignalinos pieninė" and 100% UAB "Jonavos pieninė" share portfolio. On 1st of June, 2005 AB "Rokiškio sūris" sold the share portfolio of AB "Varėnos pieninė" and AB "Ignalinos pieninė".

On 26th April, 2002 at the general shareholder meeting of AB "Rokiškio sūris" the decision to reorganize the enterprises was made. It was decided to affiliate AB "Eišiškių pieninė" and UAB "Jonavos pieninė"; that is, the enterprises stopped functioning as legal persons.

On 4th July, 2002 AB "Rokiškio sūris" Board decided to stop the activities of AB "Rokiškio sūris" subsidiary company "Šalčininkų pieninė" and to sign it out from the Enterprises' Register.

On 30th December, 2002 the subsidiary company of AB "Rokiškio sūris" "Šalčininkų pieninė" was signed out from the Enterprises' Register of the Republic of Lithuania.

On 6th September, 2002 at the general meeting of AB "Rokiškio sūris" shareholders the following decisions were made: reorganization of AB "Rokiškio sūris", AB "Eišiškių pieninė" and UAB "Jonavos pieninė" was terminated; AB "Eišiškių pieninė" and UAB "Jonavos pieninė" property, rights and responsibilities acceptance and transfer acts were confirmed. AB "Eišiškių pieninė" and UAB "Jonavos pieninė" terminated their activities as legal persons and they were signed out from the Enterprises' Register.

On 14th November, 2002 AB "Rokiškio sūris" Board decided to establish a subsidiary company "Eišiškių pieninė". On 6th December, 2002 AB "Rokiškio sūris" subsidiary company "Eišiškių pieninė" was registered into the Enterprises' Register. On 29th October, 2005 AB "Rokiškio sūris" Board decided to terminate the subsidiary company's activities. In April, 2006 the subsidiary company "Eišiškių pieninė" was signed out from the register of legal persons.

On 14th February, 2003, following the decision of AB "Rokiškio sūris" Board, the activities of AB "Rokiškio sūris" subsidiary company "Zarasų pieninė" were terminated. On 26th June, 2003 "Zarasų pieninė" was signed out from the Enterprises' Register of the Republic of Lithuania.

On 20th August, 2003 AB "Rokiškio sūris" bought 12 units of UAB "Kalora" nominal equity, which composed 100% of UAB "Kalora" authorized capital. In October, 2005 AB "Rokiškio sūris" sold these shares.

On 18th February, 2005 an insolvency case with creditors, without the court process, was raised against AB "Švenčionių pieninė". On 29th April, 2005, due to its bankruptcy, AB "Švenčionių pieninė" was signed out from the register of legal persons.

On 14th June, 2005 AB "Rokiškio sūris" sold 410,330 units of AB "Žemaitijos pieno investicija" shares, that is, 11.63% of AB "Žemaitijos pieno investicija" authorized capital.

On 3rd March 2006, in order to achieve more effective fresh dairy production results, AB "Rokiškio sūris" Board decided to separate export-oriented cheese production business from fresh dairy production business oriented to the local market. For this reason a new subsidiary

company was established. On 21st April, 2006 a subsidiary company UAB "Rokiškio pienas" was registered into the register of legal persons. The subsidiary is totally owned by AB "Rokiškio sūris".

After termination of the activities of subsidiary Eišiškių pieninė on 5th April 2006 the subsidiary of AB „Rokiškio sūris“ Eišiškių pieninė was registered out from Juridical Register of the Republic of Lithuania.

In the year 2007, AB „Rokiškio sūris“ acquired 50 per cent of UAB „Pieno upės“ shares and 100 per cent of each of the following companies: UAB "Skeberdis ir partneriai", UAB „Skirpstas“, UAB „Batėnai“, UAB „Pečupė“ and PK "Žalmargė". The main activity of the companies is purchase of raw milk.

In 2009, UAB "Skeberdis ir partneriai" and UAB „Pečupė“ were liquidated and registered out of the Registry of Legal Entities. In 2010, shares of UAB „Batėnai“ were sold.

In March 2011, UAB „Skirpstas“ was liquidated and registered out of the Registry of Legal Entities.

In January 2008, AB „Rokiškio sūris“ acquired 50.05 per cent of block of shares of Latvian company SIA Jekabpils piena kombinats. SIA Jekabpils piena kombinats specializes in production of fermented cheese and sales of raw milk. In May 2011, the Company acquired the rest part of the shares of SIA Jekabpils piena kombinats which amounted to 49.95 per cent.

AB "Rokiškio sūris" owns 100 per cent of the Latvian company SIA Jekabpils piena kombinats.

In July 2008 the company acquired UAB "Europienas" whose main business is purchase of raw milk. In 2009, UAB "Europienas" was liquidated and registered out from Registry of Legal Entities.

In May 2010, the company acquired 40 per cent of the shares of Latvian company SIA „Kaunata“.

On 29th April 2013 AB „Rokiskio suris“ as a single shareholder of UAB "Rokiškio pienas" adopted a resolution regarding implementation of separation of UAB „Rokiskio pienas“ – approved the separation conditions of UAB „Rokiskio pienas“ and approved the articles of association of UAB „Rokiskio pienas“ who is continuing its operations after separation and a newly established UAB „Rokiskio pieno gamyba“. The company is mainly performs in the field of dairy product production.

Separation of the companies will ensure more effective performance of the group and achievement of better operational results.

On 2nd May 2013, the new company UAB „Rokiskio pieno gamyba“ was registered in the Registry of Legal Entities.

On 24th April 2014, AB „Rokiškio sūris“ sold its 50% block of shares of UAB „Pieno upės“. The block of shares was sold in accordance with a long-term contract of shareholders after the other part expressed its will to purchase the shares. UAB „Pieno upės“ is in the activity of raw milk purchasing.

The information on the subsidiaries of AB „Rokiškio sūris“ is provided at point 3 of the report.

25. Production, description of production capacities, and implementation of new products

The Group's production is developed in the towns of Rokiškis (AB „Rokiškio sūris“), Utena (UAB „Rokiškio pienas“) and Ukmerge (UAB „Rokiškio pienas“ subsidiary „Ukmergės pieninė“).

A new subsidiary Rokiskio pieno gamyba UAB was established in order to optimize the group's performance and to reach better results. A part of Rokiskio pienas UAB, which continues its operations of product distribution, is separated and a new company Rokiskio pieno gamyba UAB with equal legal form is established on the basis of the assets, rights and obligations assigned to this part of the company, and the main business of the new subsidiary is production of dairy products.

The Group's production is developed in the towns of Rokiškis (AB „Rokiškio sūris“), Utena (UAB „Rokiškio pieno gamyba“) and Ukmerge (UAB „Rokiškio pieno gamyba“ subsidiary „Ukmergės pieninė“).

- Specialization of Rokiskis production plant – production and sales of fermented cheese and whey products.
- Specialization of Utena production plant – fresh dairy products for the local market, whey protein concentrate, milk powder and butter production.
- Specialization of Ukmerge production plant – curd and curd cheese production.
- Specialization of Rokiskio pienas UAB – sales of the Group's products in Lithuania, Latvia and Estonia.

In 2014, the group's companies pursued a programme of production maintaining the production volumes similar to previous periods.

The Companies are highly concerned about food safety and quality issues in order to satisfy customer needs and comply with the environmental requirements. The Company AB "Rokiškio sūris" was the first in Lithuania who was certified in accordance with the Quality management and Environment management systems (ISO 9001:2008, ISO 14001:2004, ISO 22000:2005). The company's laboratory is accredited in accordance with the international standard LST EN ISO/IES 17025.

Following the requirements of those standards, the company implemented rules which ensure production of steady, uniform, qualitative and safe produce aiming to improve overall effectiveness of environment protection, and following the company's politics. The system covers all processes from raw milk purchase to the service of end customers.

The systems are reviewed periodically and improved in order to maintain high quality of production, and to supply customers with qualitative wide range production.

The most important aspect of the companies' performance is food safety. In order to reach higher level of food safety effectiveness the company in Rokiskis improved the food safety system and in 2013 it was certified in accordance with the scheme for certification of food safety systems FSSC 22000. The system covers ISO 22000:2005 and ISO/TS 22002-1:2009 as well as additional requirements. The food safety scheme is recognized by the Global Food Safety Initiative GFSI, and it can replace some other previously recognized food safety standards such as BRCm IFS and SQF. In 2012, the Utena plant implemented and certified the social responsibility standard SA8000.

AB „Rokiškio sūris“



The key activity of AB Rokiskio suris is production fermented cheese. The cheese produced by the company comprises of fresh, semi-hard and hard cheese. The group of fresh cheese includes Cagliat (various fat content and weight), Mozzarella. The group of semi-hard cheese includes the following products: Rokiškio sūris (various fat content and weight), Saulės sūris, Lietuviškas, Gouda, Sūris „Visiems“, „Naminis“, „Žalioji karvutė“ etc., whereas Kietasis suris

(various fat, moisture content and weight), „Montecampo“ and „Gojus“ belong to the hard cheese type. The production of long term maturing hard cheese ROKISKIO GRAND was implemented in assistance with an Italian cheese expert prof.Angelo Frosio.

In the international food industry exhibition in Moscow PRODEXPO'2014 which took place on 10th-14th February, 2014, a new product of Rokiskio suris AB – the hard grating cheese “Rokiskio GRAND” – was nominated as the best product in the International Competition THE BEST PRODUCT'2014 which was organized by the Central Tasting Committee of the Russian Ministry of Agriculture and a company Agroexposervice. Rokiskio GRAND was granted a gold medal in this competition.

In an exhibition AgroBalt 2014, the hard cheese „Rokiškio Grand“was granted a gold medal.

Besides the main production of fermented cheese, AB "Rokiškio sūris" produces liquid whey protein concentrate (WPC-34 and WPC-45) which is followed by the production of WPC powder, and also milk sugar (lactose), processed cheese, and smoked cheese.

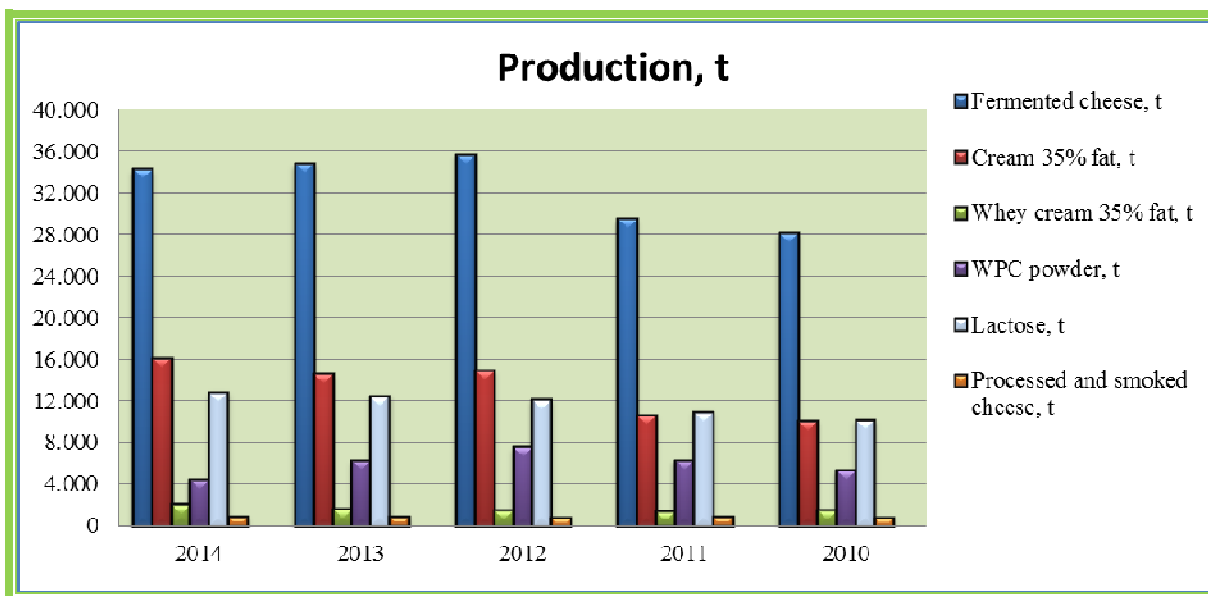
In 2014, the production of fermented cheese decreased by 1.5 per cent compared to 2013. This mainly was caused by volume changes in some groups of cheese, e.g the production of hard cheese increased by 11.4 per cent yet the production of other cheeses decreased and this made the total figures less. Production of hard cheese consumes higher volumes of raw milk. 1.5 times as much compared to other cheeses.

Production of lactose increased by 3 percent in 2014. The company is implementing a project of instant WPC, and the first production was made in the end of 2014.

The following table and chart represent changes in the production of AB „Rokiškio sūris“ within 5 latter years:

Production / Year	2014	2013	2012	2011	2010
Fermented cheese, t	34.295	34.807	35.751	29.508	28.142
Cream 35% fat, t	16.153	14.558	14.969	10.642	10.099
Whey cream 35% fat, t	2.033	1.612	1.503	1.347	1.542

WPC powders, t	4.479	6.224	7.515	6.313	5.339
Lactose, t	12.878	12.510	12.146	11.039	10.190
Processed and smoked cheese, t	875	815	797	820	798



Volumes of by products such as cream, WPC and milk sugar directly depended on the volumes of the production of fermented cheese. Volumes of WPC and milk sugar were also influenced by the whey bought from other dairies.

Packaging costs had been increasing due to the variety in the packaging types.

The main factor which caused the increased cost was higher prices of raw milk. In addition, it was influenced by the increase of prices of power resources as well as the increase in quantities.

UAB „Rokiškio pieno gamyba“



UAB „Rokiškio pieno gamyba“ specializes in the production fresh dairy products, i.e. fluid milk, sour milk, kefir, cream, curds and fresh cheese, chocolate coated cheese bars, yogurts, butter, for the local market, also the company provide service to AB „Rokiškio sūris“ producing the products for expert such as butter, cream, WPC (whey protein concentrate) 34 and 80, and skim milk powder.

In 2013, UAB „Rokiškio pieno gamyba“ launched a new line of yogurt production. This is a new type of yogurt in Lithuania in whose production no sugar is used and the sweetness comes from fruits only.

Heavy investments were made in the production of dry products. A new modern line for the production of WPC 80 was installed, and the technology of this product was successfully

mastered. The production of those products was implemented cooperating with the largest dairy company of New Zealand Fonterra.

In 2014, production of instant WPC80 was started. Also, the facilities were upgraded with a new, modern compressor room. The plant's raw milk reception facilities undergone major repairs.

Production according to groups, in tons:

Production / Year	2014	2013	2012	2011
Fresh dairy products, t	55.428	64.606	62.772	61.880
Butter and fat blends, t	7.960	5.576	4.101	2.865
Dry milk products, t	8.721	6.537	8.442	7.360

In 2012, UAB „Rokiškio pienas“ implemented a new Standard of social responsibility SA8000. The Standard covers requirements for a company which employs expertise in order to demonstrate its socially responsible attitude to employment conditions.

Purpose of Standard SA8000 is to establish requirements based on international norms related with human rights and national legislation concerning employment in order to secure all employees throughout the management chain, as well as all other employees who produce goods or supply services to the company, including the employees hired directly by the company, and its suppliers and subcontractors.

Keeping in line with the standard's requirements the company will be able to:

- create, maintain and implement the politics and procedures related with the issues being in its control or sphere of influence.
- demonstrate to the third parties that the company's politics, procedures and practices conform to the standard requirements.

Politics of the company:

The company's business operations are based on human and employee rights recognized internationally. We endeavor honest and honorable treatment of all employees. We expect and seek our suppliers and subcontractors as well as further chain of supply to follow similar rules. We believe that the dialogue between the employer and employees is and can contribute to the sustainable success for the company and its employees.

Fundamentals of social responsibility:

Accountability (for impact on the society, economics, and environment);

Transparency (decisions and the operations influencing the society and environment);

Ethical conduct;

Honor in regards with the third parties' interests (hear and react);

Honor the superiority of laws;

Follow the international conduct norms;

Honor human rights.

Subsidiary of UAB „Rokiškio pieno gamyba“ Ukmergės pieninė



Specialization of Ukmerge production plant –production of curds, flavoured fresh cheeses, curd cheese, chocolate coated cheese bars, processed cheese, fermented cheese and soft non-matured cheese. In order to implement the set targets the plant was modernized including the technological process.

In 2013, there were equipped new facilities for the production of fermented cheese, including brining room, wrapping in film, and maturing room. All the technological equipment was mounted, and the piping system was equipped as well. There is a new cleaning line for the cleaning and disinfection of cheese moulds. All the plant production supervisors were trained for the procedures of milk preparation, brining and maturing. In June, the plant started production of fermented cheese namely semi hard cheese Rokiškio suris 45% in dm of 1kg

each piece. In June 2013, the subsidiary launched a series of new chocolate coated cheese bars NAMINUKAS of 5 flavours: vanilla, berries, caramel, condensed milk and with poppyseed. The new equipment was installed: a freezer to cool chocolate, pre-press for preparation of curds when producing cheese bars.

Group of products	2014	2013	2012	2011
Curds and curd products	4,648	5,353	5,228	5,094
Fermented cheese	107	83	-	-
Total production in tons:	4,755	5,436	5,228	5,094

In 2014, UAB „Rokiškio pieno gamyba“ subsidiary Ukmergės pieninė started production of fermented cheese Rokiškio mini. The weight of each piece is 400g and it is covered with wax.

The plant was approved by the Ministry of Agriculture of the Republic of Lithuania for the production of Lithuanian curd cheese with geographical protection in accordance with the EC Register No. 510/2006 regarding protection of geographical an original places of agricultural and food products. The Lithuanian curd cheese was assigned with a logo of Geographical Indication.

26. Sales and marketing

The biggest part of production is exported. As before, the main direction of export is European Union (mainly Italy, Germany, Poland) and Russian markets.

In 2014, export of WPC to N.Zealand raised by 80 per cent. In 2014, the company started export of hard cheese to Spain and Israel.

The biggest part of exported production is fermented cheese and dry products. Sales of hard cheese increased by 4 percent in 2014 compared to 2013.

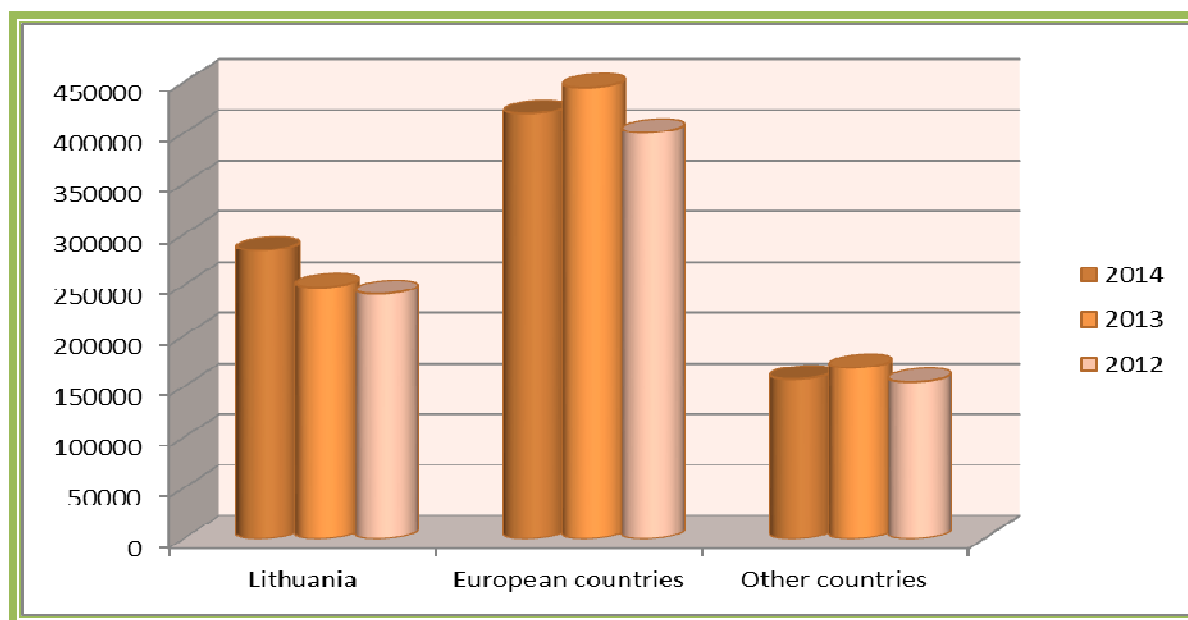


After Russian dairy embargo, the company took other directions to new markets. One of them is the market of United States to which the company exports its hard cheese.

The Group's export sales of traditional products such as butter, cream, milk powder and by-products (Whey protein concentrate and lactose) are increasing.

Sales markets 2014-2013-2012

Countries	Sales					
	2014		2013		2012	
	k LTL	%	k LTL	%	k LTL	%
Lithuania	284,307	33.03	247,947	28.79	241,387	30.31
European countries	418,839	48.67	445,011	51.66	400,368	50.27
Other countries (incl. USA and Japan)	157,467	18.30	168,397	19.55	154,652	19.42
Total	860,613	100	861,355	100	796,407	100



The consolidated audited sales of 2014 of AB „Rokiškio sūris“ Group made LTL 860.613 million (EUR 249.251m), i.e. 0.09 per cent less than during the same period of last year. The consolidated sales of the same period of 2013 made LTL 861.355 m (EUR 249.466 m).

After the 6th August 2014 Decree of the President of Russian Federation putting embargo on imports of agricultural products, the company ceased its exports to Russian market. The sales of AB „Rokiškio sūris“ products to the Russian market made 10-15% of overall sales. The Group however managed to maintain the same level of sales as last year despite the fall of export prices of the main dairy products by 40 per cent. The Russian embargo on import of food products from the EU (herewith Lithuania) and dramatic decrease of export prices however affected the profit results of the Group very much. The company could not abandon selling unprofitably in the export markets as it had to pursue its commitments to farmers and to purchase contracted volumes of raw milk.

Within 12 months of 2014, the Group of AB „Rokiškio sūris“ made a consolidated audited net loss of LTL 1.324m (EUR 0.383m). In 12 months 2013, the Group made LTL 32.785m (EUR 9.495m) of consolidated audited net profit.

Rokiškis group is one of the dairy leaders on the local market with market share of over 20 per cent. The company distributes its production throughout the local chains. In Lithuania Rokiškis is famous for its cheese and also other fresh dairy products such as kefir, fluid milk, sour cream, butter, curd products, yogurts, chocolate coated curd bars.

The company owns a range of strong brands targeted to various customer groups, the brands are perceived as high quality production. The product assortment produced by the group's companies is added with new qualitative value added products and packaging every year.

The sales of Rokiškio group in Lithuania in 2014 reached LTL 284 million and were by 15 per cent higher compared to 2013 when it was LTL 248 million. The sales in Lithuania made one third of total sales of the company's products.

The Group aims to further increase reliability of its produce, encourage healthy life style, and to increase consumption of dairy products per person.

Brands as follows:



Naminukas



A key factor is stability of the produce quality which is essential for implementation of marketing strategy, as well as continuous strengthening the company's brands.

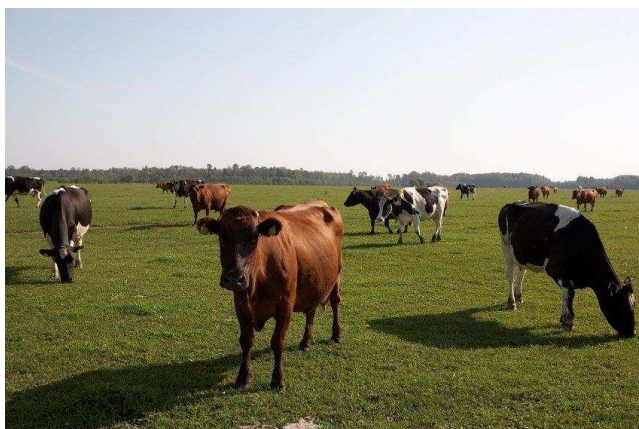
For the year 2014 and further, one of the main projects is strengthening positions of hard cheese Rokiškio Grand, and to increase consumption of the cheese by using market promotions instruments. The company widens assortment of the cheese with new packagings and variety of maturing time up to 24 months.

The group of Rokiskio suris has a range of other value added products of high quality clean label chocolate coated cheese bars Naminukas; fluid milk/kefir with vitamin D, yogurt with 100 per cent sweetness from fruit, Rokiskio mini souvenir cheese and many others.

According to a competition initiated by the Lithuanian trade companies association which was started five years ago, the most popular products of Rokiskio suris in Lithuania are as follows:

- Kefir, sour cream, sour butter milk - **Rokiškio NAMINIS kefir, 2.5% 0.9 kg pack.**
- Fermented cheese - **ROKIŠKIO ferment. cheese, 45%, 240 g,**
- Processed cheese – **Sūris Lydytas Visiems, 330g.**

27. Purchase of raw milk



Based on preliminary data of the Ministry of agriculture, in 2014 in Lithuania it was bought 1435.55 thousand tons of raw milk, i.e. more by 7.2 per cent compared to 2013.

The quality of raw milk was improving in 2014, statistics show that 98 per cent of raw milk of natural fat content purchased from Lithuanian farmers complied with standard requirements, and this figure was 97 per cent in 2013.

The key change in raw milk purchasing sector was decreased prices of raw milk and increased volumes of it.

In 2014, the volumes of raw milk purchase increased by 7.7 per cent compared to 2013. The increase of purchased raw milk was caused by several successful years for dairy market. Unfortunately, the January 2015 price for natural milk paid to the farmers with more than 40 tons of milk per month decreased by 9.6 per cent compared to December 2014, and it was less by 36 per cent compared to January 2014.

The table below shows prices of raw milk paid by the Group to large farmers with the farms of European size delivering over 40 tons raw milk per month during 2013-2014.

Month	Price of purchased natural milk	
	2013 (Lt/t)	2014 (Lt/t)
January	1178	1453
February	1160	1448
March	1169	1413
April	1114	1336
May	1143	1183
June	1118	1102
July	1156	1050
August	1219	994
September	1355	954
October	1460	1003
November	1439	1031
December	1431	1023
Average milk purchasing price for 12 months	1239	1175

28. Risk factors related with the issuer's performance.

Economic factors:

Unfavourable influences related with raw milk production and sales of finished products:

- a) decrease in number of cows in Lithuania;
- b) lowering purchasing power of Lithuanian residents;
- c) cheaper Polish products on Lithuanian market;
- d) high competition;
- e) substitution of dry milk products with cheaper ingredients for further production;
- f) uncontrollable increase of prices for fuel/power;
- g) abolishment of EU export subsidies to third countries;
- h) bureaucratic restrains;
- i) volatility in export prices;
- j) inadequate attention of the government in regards with business, development of regions and establishment of new workplaces;
- k) import embargo of Lithuanian products to the Russia market;
- l) restrictions to enter new markets;
- m) higher supply of dairy products in the EU countries;
- n) decrease of export prices;
- o) devaluation of Russian currency;
- p) inflexible politics in regards with VAT and excise taxes;
- q) volatile competition due to instable currency ration between euro and Russian ruble;
- r) ongoing crisis in the EU.

Lithuania is dominated by small milk farms. Such a high number of raw milk suppliers causes increase of costs for raw milk quality testing, and raw milk collection and accounting costs.

Inadequate government support for dairy farms compared to Latvia and Estonia.

In addition, small farms cannot ensure sufficient and consistent raw milk quality, and impede investment into milk farms. Average dairy farm in Lithuania is the least in EU, moreover it is smaller thirteen times as much compared to the average figure in EU.

Raw milk production in Lithuania is heavily influenced by seasonality: collection of raw milk in summer period is almost twice as much compared to winter period. It has a negative impact on the effectiveness of milk processing, utilization of equipment capacities and cut of work places during the low session period.

Low productivity of milking cows:

Low productivity of cows is caused by insufficient genetic potential of herd and poor feedstuffs. Diminishing small farms. Decrease of population in rural areas.

Unsteady dairy industry regulatory measures implemented by the State. Development of family based dairy farms was and still is too slow. Absence of consequent State politics to develop this sector, frequent changes of subsidy requirements and its amounts, concentration into milk prices rather than into investment support have had negative influence on the development of milk farms and improvement of veterinary-sanitary conditions.

Social factors:

During the past few years, emigration of residents of Lithuania increased. Now it is experienced lack of qualified work power. Decrease in reimbursement system. Low birthrate. Lack of support for young orderly families, no measures to encourage higher birthrate.

Loss in trust of the government by residents, volatile future perspectives. Passiveness of residents.

People lose their trust in the government, and there is no certainty in the future. Passive residents.

Farming is dominated by older farmers. Community of villages is getting older also. High unemployment rate. Bankruptcy of companies. Consumption decrease due to higher taxes applied to residents. Uncontrolled rise in the prices for fuel and power resources strongly influences decrease of consumption and lower satisfaction of customer needs.

Inefficiency of the government to create new labour places, high level of unemployment, politics of allowances, which do not encourage the will to work, lost of trust in the government politics, and the government's inefficiency.

Risk factors related to food safety issues:

Food safety risk factors of AB „Rokiškio sūris“ are determined by HACCP program. The main parts of HACCP program are Prerequisites and HACCP plans. They identify hazard points in every production step, as well as their critical control limits, their analysis, verification and correction actions.

The company has the following Pre-requisites:

1. Raw milk quality;
2. Maintenance of buildings and premises;
3. Sanitary;
4. Training of personnel;
5. Supply of water, steam and electricity. Water control;
6. Supply of water, steam and electricity. Water control;
7. Purchase and storage of additional materials;
8. Maintenance of equipment. Calibration of measurement devices;
9. Maintenance of equipment. Calibration of measurement devices;
10. Product traceability and recall;
11. Monitoring of logistics;
12. Pest control.

To monitor every production process there are prepared procedures, technological instructions, and their control procedures (both microbiological and chemical), provided records. Final products are handled according the company's standards which concerns their specifications, chemical content, nourishment, energetic value, packaging, terms of storage, shelf life etc.

Ecological:

Based on Regulation of European Parliament and Community 2010/75/EB "Regarding industrial waste pollution (integrated prevention and control of pollution" - TIPK), AB Rokiskio suris is attributed to the equipment of Annex 1 which obliges to obtain the TIPK permission. The first TIPK permission was obtained on 30/12/2005, it was issued by the Department of environment

protection of Panevezys region. Following the TIPK rules, the permission was renewed on 12/09/2014. The company introduced most effective production forms (GPGB), and the consumption of resources and emission of pollution complies with the EU regulations.

In 2001, the company implemented environment protection system ISO 14001. The certification and auditing is made by an international company Bureau Veritas Lietuva. In 2013, the environmental protection system was successfully recertified. In 2014, the surveillance audit was made.

The environment protection politics of AB "Rokiškio sūris" covers continuous decrease of negative impact on environment, ensuring minimal consumption of resources, and strengthening waste treatment in order to minimize negative impact on air, water and earth. In 2014, during the external and internal audit it was identified 8 remarks and no non-compliance. The targets are set for every year in order to improve the system and reduce ecological risks. The 2014 Environmental Protection Program was implemented. The evaluation and analysis of performance is made periodically.

In 2014, the following five programs were implemented in the company in order to evaluate and analyze the impact on environment: 1) Monitoring program for field fertilization by waste from AB Rokiškio sūris, 2) Monitoring program for treated waste from AB Rokiškio sūris to Ruopiškis (Alseta) lake in Rokiškis district, 3) Monitoring program for underground water of AB Rokiškio sūris, 4) Monitoring program for underground water in petrol stations of AB Rokiškio sūris in Rokiškis and Obeliai. The monitoring is made by a research company UAB Geoaplinka, 5) The monitoring testing of pollution sources is made by the following certified laboratories: UAB Ekometrija, UAB Rokvesta. Reports are submitted to Environment Authorities. There was not identified any objectionable influence to the environment.

In 2014, the stationary air pollution resources discharged 8.44 t of pollutants. The transport department consisted of 275 vehicles: 175 trailers, 94 automobiles, 6 other vehicles. 65 per cent of the vehicles comply with the requirements of EURO 1-5.

The company has constructed its own waste water treatment plant in order to target loads for pollutants as required by the EU standards. In 2014, it was treated 1,067 thousand m³ of waste. Effectiveness of waste treatment is around 96-99 per cent. 6,347 t of sludge was used for field fertilizing. The effectiveness of waste treatment is equal to 96-99%. 1.9 per cent of waste was directed to the outside waste treatment plant UAB "Rokiškio vandenys".

AB Rokiškio sūris uses modern technologies to separate water from whey and to purify it, up to 34 per cent of this water is used for the equipment cleaning, and it helps to save underground water.

The company has undergone through risk analysis, consequently a plan of preventive actions and accident liquidation was prepared. The most dangerous company's sites: ammonium compressor room, storage of chemical materials of waste water treatment plant, warehouse of chemical materials, petrol station. The company's buildings were evaluated and marked as required by the fire protection regulations. Fire alarms were equipped where necessary in order to improve fire-protection and minimize potential risk.

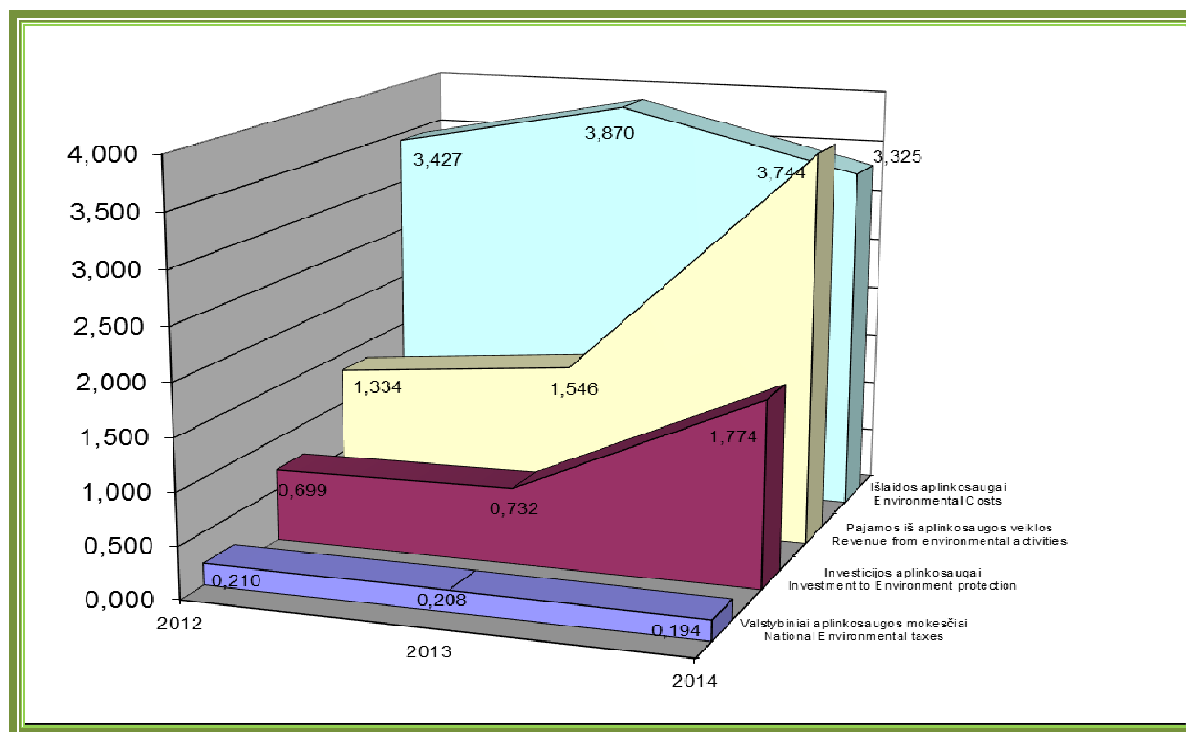
Key environmental indices:

	2012	2013	2014	GPGB – ES*
Quantity of waste pollutants according to BDS7 in kg per ton of raw material	0.37	0.58	0.07	-
Quantity of waste per ton of raw material, m ³	1.22	1.38	1.44	0.7-6
Consumption of chemical materials in kg per ton of raw material	1.86	1.92	2.62	1.1-10.7
Power consumption in kWh per ton of raw material	35.4	38.05	39.86	60-208
Thermo-power consumption in kWh per ton of raw material	62.8	69.97	73.33	60-820

*- GPGB- "Integrated Pollution Prevention and Control, Reference Document on Best Available Techniques in the Food, Drink and Milk Industries " August 2006

Environmental activities, LTL million

	2012	2013	2014
Taxes for environment pollution	0.210	0.208	0.194
Investment into environment protection	0.699	0.732	1.774
Income from the environmental operations	1.334	1.546	3.744
Expenditure for environment	3.414	3.870	3.325



29. Key aspects of formation of consolidated financial accounting related with the systems of internal control and risk management

These consolidated financial statements have been prepared according to International Financial Reporting Standards (IFRS) as adopted by the European Union.

The preparation of consolidated and parent company's financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates are based on the knowledge obtained by the management as well as current situation and actions.

The financial accounts include consolidated financial accounting of the Group and individual financial accounting of the Company.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognizes any non-controlling interest in the acquirer either at fair value or at the non-controlling interest's proportionate share of the acquirer's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquirer and the acquisition-date fair value of any previous equity interest in the acquire over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts

previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

The group's interests in jointly controlled entities are accounted for by proportionate consolidation. The group combines its share of the joint ventures' individual income and expenses assets and liabilities and cash flows on a line-by-line basis with similar items in the group's financial statements. The group recognizes the portion of gains or losses on the sale of assets by the group to the joint venture that is attributable to the other ventures. The group does not recognise its share of profits or losses from the joint venture that result from the group's purchase of assets from the joint venture until it resells the assets to an independent party. However a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realizable value of current assets or an impairment loss.

30. Financial risk monitoring

In its operations the Company and the Group faces various financial risks. Overall risk monitoring program of the Group focuses on uncertainties of the financial markets and it aims to diminish any expected impact onto the financial results of the Group's operations.

The risk factors faced by the Company and the Group are described upon Remark 3 (page 23) of the 31st December 2014 financial report of consolidated and parent company AB „Rokiškio sūris“.

31. Information about the authorization given by the Board members

Members of the Board of Directors have not authorized any other third parties to perform the functions attributable to the Board of Directors.

32. Key ratios of the company performance, their dynamics

The table below shows consolidated figures describing the Group's operations.

No.	Ratios		2014	2013	2012	2011	2010
1.	Net profit %	<u>Net profit</u> Sales and services	(0.15)	3.81	3.7	4.0	4.4
2.	Average return on assets	<u>Net profit</u> Average assets	(0.003)	0.07	0.06	0.07	0.07
3.	Debt ratio	<u>Liabilities</u> Assets	0.30	0.33	0.31	0.35	0.40
4.	Debt-to-equity ratio	<u>Liabilities</u> Equity	0.43	0.49	0.44	0.55	0.66
5.	General liquidity ratio	<u>Current assets</u> Current liabilities	2.44	2.03	2.16	1.85	1.63
6.	Assets turnover ratio	<u>Revenues</u> Assets	1.77	1.68	1.75	1.54	1.72
7.	Book value per share, Lt	<u>Equity</u> Number of ordinary shares	9.47	9.60	8.79	8.07	5.06
8.	Net earnings per share, Lt (EPS)	<u>Net profit</u> Number of ordinary shares	(0.04)	0.93	0.84	0.79	0.65
9.	Price to profit per share ratio, Lt (P/E)	<u>Market share price</u> Profit per share	-	5.90	5.75	5.75	9.52

No.	Ratios	2014	2013	2012	2011	2010
1.	Income (thousand litas)	860,613	861,355	796,407	688,025	553,760
2.	EBITDA (thousand litas)	31,400	71,966	70,886	58,821	55,413
3.	EBITDA margin (%)	3.65	8.35	8.90	8.55	10.01
4.	Operational profit (thousand litas)	(687)	36,227	35,971	35,141	29,663
5.	Operational profit margin (%)	(0.08)	4.21	4.52	5.11	5.36
6.	Return on equity ROE (%)	(0.39)	9.52	9.35	9.56	12.65
7.	Profitability margin (EBT margin) (%)	(0.24)	4.07	4.32	4.83	5.18

33. Investment projects implemented during the last 3 fiscal years:

Every year AB Rokiškio sūris gives great attention to new investment into the production procedures, modernization of existing production facilities and their maintenance, procurement of raw material, continuation of environmental protection, and transport.

During 3 latter fiscal years, the company's investments were mainly directed to modernize cheese production facilities and equipment.

In general, AB Rokiskio suris investments are organized in the way to ensure food safety requirements within the production procedures and external surrounding including raw milk processing, production, slicing, packaging, loading and delivery of produce to the customer. In 2007-2010, AB Rokiškio sūris continued the investment program, consequently some new equipment and milk trucks were bought, and the production equipment was modernized which also resulted into the better work conditions for employees, lowered power consumption, and supported environment protection program.

A part of investment was directed into improvement of raw milk quality. In 2007-1010, the main investments were made in accordance with KPP program for the period of 2007-2013. The investments were used not only for the parent company AB Rokiskio suris but for the subsidiary UAB Rokiskio pienas also. The subsidiary prepared four business plans to employ the support. Total sum of the investment plans amounts to LTL 13.81 million.

In 2010, AB Rokiskio suris prepared two business plans in accordance with 2007-2013 program. They are „Modernization, of raw milk processing by AB Rokiskio suris in order to increase competitive ability of the company“ and „Modernization, of raw milk processing by AB Rokiskio pienas in order to increase competitive ability of the company“.

Investments of the group of AB „Rokiškio sūris“:

	Investment (million LTL)
2010	6.5
2011	16.4
2012	11.4
2013	39.0
2014	22.0

The main investments implemented in 2014:

- Investments for the production of WPC80 in Rokiskis and Utena plant.
- Equipment of whey processing aiming to increase capacities of separation and pasteurization.
- Variety packaging for hard cheese Grand, widening of the cheese assortment.
- Control of lactose quality.
- Smoking chambers for processed cheese.
- Expansion of milk truck cleaning facilities.
- Modernization of production plant and departments servicing production: department of power and heat supply (built an electrical power transformer), compressor room (piping of iced water, AVS of compressor room), waste water treatment - (building of waste pumps), department of water preparation and supply - (implementation of de-ironing of water).
- The most recent laboratory equipment for the quality of raw milk, and finished products and more precise sampling.
- Software upgrade in the sales department.
- Variety of packaging and wider assortment of fermented cheese and fresh dairy products.
- Improvement of sanitary and hygiene system in the production departments (equipment of ventilation systems, moisture collectors and cleaning centres).
- Power savings in regards with the EU requirements.
- New compressor room in Utena.
- Equipment of raw milk reception, and cleaning in Utena.
- Reconstruction of production buildings in Utena and Ukmergė.
- Construction of an arched warehouse in Ukmergė.
- Further development of equipment related with environmental politics.
- Acquisition of internal vehicles servicing production departments.
- Acquisition of milktrucks.
- Improvement of work conditions for the employees.

All investments were made in Lithuania: Rokiskis and the related sites in Utena and Ukmergė.

34. Future plans, forecasts and investments envisaged in 2015

In 2015, the group of AB Rokiškio sūris is going to make investments amounting to EUR 8.6 million.

Mainly the investments in 2015 will be directed into the main production departments of the company – production of cheese, cheese maturing and whey treatment.

The main target of the investments is to continue effective usage of current and new equipment by modernization and improvement of technological procedures, effective use of power resources, improving the quality of water consumed by the production.

It is provided that acquisition of equipment should first satisfy customer needs in terms of finished production. It is aimed the equipment would ensure safety and quality of the product as well as variability of packaging responding to growing market demand.

As usual, in 2015, great attention was paid to the departments providing services to the production plants and modernization of their equipment: cooling systems, power supply, waste utilization, ventilation systems.

Also, to the storage and delivery of ready-to-cook products and finished products within the company's departments. Therefore, some more new vehicles were acquired to replace the old ones.

The 2015 investments are targeted to enhance the company's competitiveness, as well as improved employment of production facilities by implementing additional equipment and considering environment protection.

35. Dividends paid

Dividends paid according share types and class during the last 6 years:

Year	Total sum of dividends, Lt	Dividend per share, Lt	Net profit per share, Lt	Multiplier of dividend payments
2007	9,902,131.20	0.24	0.81	0.30
2008	Dividends were not paid			
2009	844,483.40	0.10	0.38	0.26
2010	3,586,797.00	0.10	0.65	0.15
2011	3,506,588.00	0.10	0.79	0.13
2012	3,506,588.00	0.10	0.84	0.12
2013	3,506,588.00	0.10	0.93	0.11

The decision on allocation and payment of dividends shall be taken by the General Meeting of Shareholders, appropriating the profit/loss of the company available for appropriation. The dividend can be allocated for a fiscal year or a period shorter than one fiscal year.

The General Meeting may not adopt the decision to declare and pay dividends if at least one of the following conditions is met:

- 1) the company has not discharged all its obligations that terms had expired before the decision was taken;
- 2) the result of the financial year available for appropriation is negative (losses were incurred);
- 3) the equity capital of the company is lower or after the payment of dividends would become lower than the aggregate amount of the authorised capital of the company, the legal reserve, the revaluation reserve and the reserve for own shares.

If the company fails to pay the statutory taxes before the required deadline, it may not pay the dividend, annual bonuses to the Board members and incentives to its employees.

After the General Meeting of Shareholders adopts the decision to allocate dividends, the company must pay the allocated dividends within one month after the day of adoption of the decision on profit appropriation or the decision to allocate dividends for a shorter period than one financial year. Payment of dividends in advance shall be prohibited.

Persons who were shareholders of the company at the end of the day when the General Meeting declared the dividends (of the tenth day from the General Meeting of Shareholders that took the

decision) or were entitled to receive dividends on other legal grounds shall be entitled to the dividend.

36. Management bodies of the issuer

In accordance with the Articles of Association of AB "Rokiškio sūris", the managing bodies of the company are as follows: General shareholders' meeting, the Board of Directors and the Chief Executive Officer.

The right of initiative to convene the General Meeting shall be vested in the Supervisory Board, the Board (the manager of the company, where the Board is not formed) and the shareholders who have at least 1/10 of all votes, unless the Articles of Association provide for a smaller number of votes.

As AB „Rokiškio sūris“ does not have the Supervisory Board the right to initiate general shareholder's meetings belong to the Board of Directors.

The initiators of the General Meeting shall submit a request to the Board where they must state the reasons for convening the General Meeting and its purposes, submit proposals regarding the agenda, date and venue of the Meeting, drafts of the proposed decisions. The General Meeting shall be held within 30 days after the date of receipt of the request. It shall not be mandatory to convene the General Meeting if the request does not comply with all the requirements set forth in this paragraph and the required documents have not been submitted or the issues proposed for the agenda are not within the scope of powers the General Meeting.

An Annual General Meeting must be held every calendar year at least within four months from the end of the financial year.

A notice of the General Meeting must be published in the daily indicated in the Articles of Association or delivered against acknowledgement of receipt sent by registered post to each shareholder not later than 21 days before the General Meeting.

The shareholders present at the General Meeting shall be registered in the shareholder registration list. The shareholder registration list shall indicate the number of votes granted to each shareholder by the shares held by him.

A person attending the General Meeting and entitled to vote shall produce a document which is a proof of his personal identity. A person who is not a shareholder shall in addition produce a document certifying his right to vote at the General Meeting. The current provision shall apply if the voting is held in writing by filling in the ballot papers.

If the General Meeting is not held, the repeat General Meeting should be convened at least 5 days and not more than 21 day after the day of the General Meeting which was not held. The shareholders must be notified of the repeat General Meeting in the manner specified in paragraph 4 of this Article at least 5 days before the day of this General Meeting.

Persons who were shareholders at the end of the record date shall have the right to attend and vote at the General Meeting or repeat General Meeting themselves, unless otherwise provided for by laws, or may authorise other persons to vote for them as proxies or may transfer their right to vote to other persons with whom an agreement on the transfer of the voting right has been concluded. The right of shareholder to attend the General Meeting also provides the right to speak and interrogate. The record date of the public limited-liability company shall be the fifth

working day before the General Meeting or the fifth working day before the repeat General Meeting.

Shareholders may vote in writing by filling in the ballot papers. Voting by telecommunication terminal equipment shall be equivalent to voting in writing provided that confidentiality of communications is guaranteed and there are means for verifying the identity of shareholder.

The voting right at other General Shareholders' Meetings is granted by fully paid paid-up shares only. Each share provides one vote at a general shareholders' meeting.

General meeting of shareholders have the following exclusivity rights:

1. to amend the articles of association;
2. to change the company's legal address;
3. to elect a supervisory body, yet if this is not formed then to elect the management board members. In case both bodies are not formed, then to elect the company's executive manager;
4. to recall the supervisory body or its members, as well as the elected board of directors and the company's executive manager;
5. to elect and recall the company's auditor executing annual financial reports, determine its payment module;
6. to establish the class, number, nominal value and minimal price of share emission;
7. to convert of one type of shares into the shares of another type, approval of exchange procedure of the Company's shares;
8. to approve annual financial reports;
9. to adopt resolution regarding distribution of profit (loss);
10. to form, use, decrease or cancel reserves;
11. to approve interim financial accounting prepared on purpose to accept resolution regarding dividends payout for the period shorter than a financial year;
12. to accept resolution regarding dividends payout for the period shorter than a financial year;
13. to resolve regarding emission of convertible bonds;
14. to resolve regarding cancellation of prerogative right to all shareholders to acquire the Company's shares of a certain emission;
15. to resolve regarding increase of the authorized capital;
16. to resolve regarding decrease of the authorized capital;
17. to resolve regarding purchase of the company's shares;
18. to resolve regarding reorganization or segregation of the Company and approval of terms for reorganization or segregation;
19. to resolve regarding reformation of the Company;
20. to resolve regarding restructuring of the Company;
21. to resolve regarding liquidation of the Company or cease of liquidation unless the Law on Joint Stock Companies provides differently;
22. to elect and recall the company's liquidator unless the Law on Joint Stock Companies provides differently;

General meeting of shareholders may discuss other issues assigned by the articles of association of the company if the Law on Joint Stock Companies does not assign those functions to other management bodies and in general they are not the functions of management body.

A resolution of general meeting of shareholders is considered to be accepted when a simple majority votes for the resolution rather than against, except in case of points 1, 6, 7, 9, 10, 12, 13, 15, 16, 18, 19, 20, 21 which requires the participated majority of 2/3 of shares with the voting

right. Resolution for an item of point 14 may be adopted with the participated majority of 3/4 of shares with the voting right.

37. Committees formed in the Company

Audit Committee of AB Rokiskio suris:

The company's Audit Committee is made of 3 members one of which is independent. The cadency of the Audit Committee is four years. Upon recommendation of the company's Board of Directors the members of Audit Committee are elected by the general meeting of shareholders. The members of Audit Committee were elected by the 26th April 2013 general meeting of shareholders. Cadency period of the Audit Committee ends in April 2017.

The Audit Committee is a collegial body accepting its decisions at the meetings. The Audit Committee may adopt resolutions and its meeting is considered to be valid when it is attended by at least 2 (two) members of the committee. A resolution is adopted when it is voted for by at least two members of the Audit Committee.

In 2014, the Audit Committee convened 4 meetings. All meetings were attended by all members of the Audit Committee.

Key functions of Audit Committee include the following:

- 1) supervision of preparation of financial accounts;
- 2) supervision of functional internal control of the company, risk management and internal audit system,
- 3) supervision of the Company's auditing procedure;
- 4) supervision how an auditor pursues the principles of independency and impartiality;
- 5) honest and responsible operation in favour of the Company and its shareholders.

Members of Audit Committee:

Kęstutis Kirejevas – independent member, director of UAB „EuropaPrint“, has no shares of AB Rokiškio sūris;

Rasa Žukauskaitė – works for AB „Rokiskio suris“, in the financial department, has 2 shares of AB Rokiškio sūris;

Asta Keliuotytė - works for AB „Rokiskio suris“, in the financial department, has no shares of AB Rokiškio sūris.

There are no other committees formed in the company.

38. Management bodies

Management of the company:

Chief Executive Officer - Antanas Trumpa

Deputy CEO - Dalius Trumpa

Chief Financial Officer - Antanas Kavaliauskas

Development Director – Ramūnas Vanagas

Central Services Director – Jonas Kvedaravičius

Logistics Director – Jonas Kubilius

Procurement Director – Evaldas Dikmonas

Sales and Marketing Director – Darius Norkus

System of bonuses for the management:

As the management of the company consists of the same members as the Board of Directors, they receive tantiemes in accordance with the company's performance results, also all members

of the management receive wages and variable payouts which depend on the company's performance results, market situation and other factors.

39. Members of collegial bodies

The Board of Directors of AB Rokiskio suris

The Board of Directors is a collegial management body comprised of 4 (four) members. The Board members are elected and recalled by the general shareholders' meeting pursuing the procedure set by the Law on Joint Stock Companies.

Members of managing bodies:

Dalius Trumpa (Deputy Director AB Rokiškio sūris) – Chairman of the Board of Directors,

Antanas Kavaliauskas (CFO AB Rokiškio sūris) – Deputy Chairman,

Ramūnas Vanagas (Development Director AB Rokiškio sūris) – Member of the Board of Directors,

Darius Norkus (Sales and Marketing AB Rokiškio sūris) – Member of the Board of Directors.

The members were elected by the 17th July 2012 general meeting of shareholders of AB Rokiškio sūris. Term of service of the Board of Directors is 4 years. Current cadency ends on 17th July 2016.

In 2014, the Board held 10 meetings of the Board. All Board meetings were attended by all members of the Board.

The General Meeting of Shareholders shall also be attended by the majority of the Board members.

Bonuses to members of the Board may be paid for their work on the Board according to the procedure laid down in Article 59 of the Law on Companies. The amount of bonuses depends on the results business activities of the Company. The decision on bonus payments shall be taken by the General Meeting of Shareholders. No other additional payments for the Chairman of the Board related with the motivation system are stipulated.

Board of Directors:

(as at 31.12.2014)



Dalius Trumpa – Board Chairman (elected on 17th July 2012). Owns 83,500 ordinary registered shares, i.e. 0.23% of the Authorized capital and 0.24% of votes of AB Rokiškio sūris.

Education – university degree. Works for the company since 1991. As from 2002 in the capacity of production director. As from 2007 appointed a deputy director.

Also the director of UAB Rokiskio pienas from 2007.

Participation in the activities of other companies:

Shareholder of UAB Pieno pramonės investicijų valdymas, having 3.91% of the company's shares and votes;

Chief executive officer of a subsidiary UAB Rokiškio pienas, having no shares;

Chief executive officer of a subsidiary UAB Rokiškio pieno gamyba, having no shares;
Director of UAB Rokvalda, having 100% of shares and votes;



Antanas Kavaliauskas - Deputy Chairman (elected on 17th July 2012), the Chief Financial Officer of AB Rokiškio sūris, having no ownership of AB Rokiškio sūris.

Works for the company since 2002 in the capacity of finance director. Education – university degree. In 1997, obtained a master degree of finance management in Kaunas technology university.

Participation in the activities of other companies:

Shareholder of UAB Pieno pramonės investicijų valdymas owning 3.91% of shares of UAB Pieno pramonės investicijų valdymas.

Board Chairman of Latvian company SIA Jekabpils piena kombinats, having no shares;



Ramūnas Vanagas - Board member (elected on 17th July 2012), Development Director of AB Rokiškio sūris, having no ownership of shares of AB Rokiškio sūris.

Education – university degree. Works for the company since 2005 in the capacity of business development director.

Participation in the activities of other companies:

Shareholder of UAB Pieno pramonės investicijų valdymas, having 3.91% of the company's shares and votes.



Darius Norkus - Board member, (elected on 17th July 2012), Sales and Marketing director of AB Rokiškio sūris, having no shares of the company.

Education – university degree. Works for the company since 2001 in the capacity of the sales and marketing director.

Participation in the activities of other companies:

Shareholder of UAB Pieno pramonės investicijų valdymas, having 3.91 % of the company's shares and votes;

Manager of the Company:

The Chief Executive Officer is a one-man management body who organizes everyday activities of the company. Within relationship between the company and other persons, the Chief Executive Officer acts determinatively on behalf of the company.

The company's manager participates in all (including the last one) general meetings of shareholders.

Information on the company's manager (director):

The CEO of the Company:



Antanas Trumpa owning 6,199,875 ordinary registered shares of AB Rokiškio sūris, i.e. 17.29% of the authorized capital of AB Rokiškio sūris and 17.68% of votes.

Education – university degree. Works for the company as from 1966. In 1979, prepared a dissertation "Organizing the work of vacuum apparatus" in Kaunas Polytechnic Institute, consequently on 12th October 1994 was granted a doctor degree by Lithuanian Science Council.

Participation in the activities of other companies:

Shareholder of UAB Pieno pramonės investicijų valdymas with 6,758, i.e. 67.04% of the shares and votes of UAB Pieno pramonės investicijų valdymas.

Information on the company's finance director:

Chief Financial Officer Antanas Kavaliauskas

For more information about the Chief Financial Officer see point 39 as per information about the management bodies.

Data on the allocated funds

In 2014, it was allocated the following sums to the members of the Board of Directors of AB Rokiškio sūris, manager of the Company and the chief financier, average amounts are calculated falling on one member of management bodies, as well as transferred property and guarantees:

Members of collegial bodies	Number of persons	Total allocated sums (wages and tantiemes), thou Lt	Average amount per person, (wages and tantiemes), k Lt	Transferred property, thou Lt	Guarantees given, thou Lt
Members of the Board of Directors	4	1,460.8	365.2	-	-
Manager of the company and chief financier	2	183.5*	92.8*	-	-

* As they are not members of the Board of Directors, there are no tantiemes, only income in form of wages

40. Information on observance of the Company management codex.

Annex to the Consolidated Annual Report

Rokiškio sūris AB disclosure of compliance with the Governance Code of the companies whose securities are traded on a regulated market is provided as an annex and it is a part to the consolidated annual report.

41. Information on the publicly announced data

1. Regarding the export renewal to Russia

On 20th January 2014, Russian Federal Service on Customer's Rights Protection and Human Well-Being Surveillance "Rospotrebnadzor" renewed exports of the products of Rokiskio suris group companies to Russian Federation.

2. Regarding evaluation in the exhibition PRODEXPO'2014

In the international food industry exhibition in Moscow PRODEXPO'2014 which took place on 10th-14th February, 2014, a new product of Rokiskio suris AB – the hard grating cheese "Rokiskio GRAND" – was nominated as the best product in the International Competition THE BEST PRODUCT'2014 which was organized by the Central Tasting Committee of the Russian Ministry of Agriculture and a company Agroexposervice. Rokiskio GRAND was granted a gold medal in this competition.

Rokiškio GRAND is a classical cheese of *Parmigiano Reggiano* type, produced in Lithuania from the best quality raw milk and matured in Italy for at least 9 months.

3. Rokiškio sūris AB, interim financial results for the three months of 2014

The consolidated non-audited sales of the AB Rokiskio suris group for 3 months 2014 made LTL 218.863 million (EUR 63.387 million), i.e. 15.24 per cent more compared to the same period last year. In 2013, the consolidated sales of the three months made LTL 189.927 million (EUR 55.007 million).

In 3 months 2014 the group's loss amounted to LTL 2.062 million (EUR 0.597 million). The consolidated net profit of the group for the three months of 2013 was LTL 1.256 million (EUR 0.364 million).

4. Resolutions of the 25th April 2014 General Meeting of Shareholders of the Rokiskio suris

1. Auditor's findings regarding the consolidated financial reports and annual report.

Resolution:

To endorse the auditor's report. (attached).

2. The Audit Committee report.

Resolution:

To endorse the report of the Audit Committee.

3. The Company's annual report for the year 2013.

Resolution:

Debriefed with the annual report for the year 2013 of AB Rokiškio sūris.

4. Approval of the company's consolidated financial accounting for the year 2013.

Resolution:

To approve the consolidated financial reports for the year 2013.

5. Allocation of the profit of the Company of 2013.

Resolution:

To approve allocation of the profit of the Company of 2013.

		thou LTL	thou EUR
1.	Non-distributable profit at beginning of year	94 798	27 455
2.	Approved by shareholders dividends related to the year 2012	(3 507)	(1 016)
3.	Transfers to reserves provided by law	13 289	3 849
4.	Non-distributable profit at beginning of year after dividend payout and transfer to reserves	104 480	30 288
5.	Net profit of fiscal year for Company	64 240	18 605
6.	Distributable profit	168 820	48 894
7.	Profit share for mandatory reserve	-	-
8.	Profit share for other reserves	-	-
9.	Profit share for dividend payout ¹	(3 507)	(1 016)
10.	Profit share for annual payments (tantiemes) to the Board of Directors	1 168	338
11.	Profit share for employee bonuses and other	2 886	836
12.	Non-distributable profit at end of year	165 313	47 878

¹Distributed profit earned by the Company until 2009

Allotted for the dividends related to 2013 – LTL 3 506 588 (EUR 1 015 578) i.e. LTL 0.10 (EUR 0.029) per share (before taxes).

6. Election of the Company's auditor and establishment of payment conditions.

Resolution:

To appoint UAB PriceWaterhouseCoopers as an Auditor of JSC Rokiskio suris. The Board of Directors will establish the fee for the auditor's work. The Company's Chief Executive Officer will sign a contract with the auditor.

7. Regarding purchase of own shares.

Resolution:

- 1). To purchase up to 10 per cent of own shares.
- 2). Purpose of acquisition of own shares – maintain and increase the price of the company's shares.
- 3). Period during which the company may purchase own shares - 18 months from the approval of resolution.
- 4). Maximal purchase price per share set as – EUR 3.475 (LTL 12.00) minimal purchase price per share is set equally to nominal value of share – EUR 0.290 (LTL 1.00).
- 5). Minimal sales price per share of the treasury shares is equal to the price at which the shares were purchased.

When selling treasury shares it should be established equal opportunities for all shareholders to acquire the company's shares. Also, it shall be provided the opportunity to annul treasury shares.

6). To authorize the Board of Directors to organize purchase and sales of the own shares, establish an order for purchase and sales of the own shares, as well as their price and number, and also complete all other related actions pursuing the resolutions and requirements of the Law on Joint Stock Companies.

8. Regarding compounding the reserve to acquire own shares.

Resolution:

Reserve for acquisition of own shares accumulated amounts up to LTL 40 287 thousand (EUR 11 668 thousand).

5. Results of AB Rokiskio suris for the period six months 2014 and consolidated interim financial statements

The consolidated non-audited sales of the AB Rokiskio suris group for 6 months 2014 made LTL 446.226 million (EUR 129.236 million), i.e. 9.25 per cent more compared to the same period last year. In 2013, the consolidated sales of six months made LTL 408.455 million (EUR 118.297 million).

The consolidated non-audited net profit of the group within six months 2014 made LTL 4.449million (EUR 1.289 million), i.e. 57,71 per cent less compared to the same period last year. During six months of 2013, net profit of the group made LTL 10.520 million (EUR 3.047 million).

6. Regarding suspension of dairy imports to the Russian market

On 6th August 2014, the President of the Russian Federation enacted an import embargo on agricultural produce imported to Russia from various countries including Lithuania. In the past months the sales of AB Rokiškio sūris to the Russian market made up to 10-15 per cent of total sales, therefore the import embargo will not have a threatening impact on the continuation of the company's operations, yet it will negatively influence the company's financial results.

AB Rokiškio sūris envisages to maintain current level of production if the State provides support to process the surplus milk which was used for the products to be sold on the Russian market.

7. Results of AB Rokiskio suris for the period nine months 2014

The consolidated non-audited sales of AB Rokiskio suris group for 9 months 2014 made LTL 659.656 million (EUR 191.050 million), i.e. 0.62 per cent more compared to the same period last year. In 2013, the consolidated sales of nine months made LTL 655.565 million (EUR 189.865 million).

In 9 months 2014 the group's loss amounted to LTL 1.293 million (EUR 0.374 million). The consolidated net profit of the group for the nine months of 2013 was LTL 19.522 million (EUR 5.654 million).

8. Non-audited consolidated interim financial statements for 12 months of the year 2014

Non-audited consolidated sales of AB Rokiškio sūris Group for the period of 12 months of the year 2014 made LTL 860.613m (EUR 249.251m), i.e. 0.09 per cent less than in the same period last year. Audited consolidated sales for the period of 12 months of the year 2013 made LTL 861.355m. (EUR 249.466m).

Within 12 months 2014, the Group of AB Rokiškio sūris made a net loss of LTL 1.325m (EUR 0.384m). In 12 months 2013, the Group made LTL 32.785m (EUR 9.495m) of consolidated audited net profit.

Mainly the lower profit was caused by crisis in the world dairy market, which started in spring 2014, and which was strengthened by the Russian embargo on import of food products from the EU (herewith Lithuania).

The Group managed to maintain the same level of sales as last year despite the fall of export prices of the main dairy products by 40 per cent. Dramatic decrease of export prices however affected the profit results of the Group very much. The company could not abandon selling

unprofitably in the export markets as it had to pursue its commitments to farmers and to purchase contracted volumes of raw milk.

All information on the company's material events is presented following Article 28 of the Law on Securities of the Republic of Lithuania.

The company publishes its information through the base of Central Public Information, on the website of Vilnius Securities Exchange <http://www.baltic.omxnordicexchange.com> and the company's website www.rokiskio.com

42. Information on the publicly announced data after the end of fiscal year

Other information on the important events after the end of fiscal year is presented with the 31st December 2014 consolidated and parent company AB Rokiskio suris financial reports, under Remark 34 (page 50).

43. Information on audit

Audit of consolidated balance sheet of AB Rokiškio sūris (The Group) as at 31st December 2014 as well as related comprehensive income statement, cash flow and change in equity statements was performed by an international audit company UAB PricewaterhouseCoopers. An audit company to perform annual auditing of financial accounting is elected by the General Shareholders' Meeting, also the Meeting settles terms of payment for the audit. As the Company is a listed company and its financial accounting is handled in accordance with international standards, there is a requirements to elect an international audit company.

PricewaterhouseCoopers International Limited (PwC) is a network of companies providing audit and tax services, it is one of The Big Four (the other ones - KPMG, Ernst & Young, and Deloitte Touche Tohmatsu). UAB PricewaterhouseCoopers (PricewaterhouseCoopers Lietuva) is a legally independent company in Lithuania, a member of the global PwC network.

UAB PricewaterhouseCoopers in Lithuania provides assurance, actuarial, advisory, accounting, tax and legal services. Its clients include both multinational corporations and large local companies.

AB Rokiškio sūris Group paid LTL 136 thousand for the audit in 2014.

44. Performance strategy and evaluated changes in the nearest fiscal year

The performance of AB Rokiškio sūris is guided by a three year strategic plan whose main provisions are set forth as follows:

Mission:

AB „Rokiškio sūris“ = Reliable Dairy Industry Professionals (Patikimi Pieno Pramonės Profesionalai).

Strengths:

- Financial stability
- Attractive employer
- Sustainable management team
- Well known and esteemed brand

Long-term Objectives:

- To be a leading company of the sector in the Baltic countries
- To maintain the name of attractive employer further emphasizing the following
 - Corporate image/recognition;
 - Social guarantees for employees;
 - Decent partnership with raw materials' suppliers.

Although the year 2014 was not successful in the export markets, due to the Russian embargo in the East and dramatic drop of demand and prices in the West, the company will follow its fundamentals. AB Rokiškio sūris will further produce export production. The main challenge in the year 2015 and 2016 is to search for new markets and establish themselves in reliable, stable and profitable markets which would compensate the lost Russian market.

To reach the above targets it is essential to:

- develop cooperation with strong international partners;
- make more effective production procedures in order to reach highest quality at minimal cost;
- ensure steady supply of raw milk by improving cooperation with raw milk suppliers and aiming to have higher trust in the company.



SUPPLEMENT TO THE CONSOLIDATED ANNUAL REPORT 2014

Rokiskio suris AB disclosure of compliance with the Governance Code of the companies whose securities are traded on a regulated market

Rokiskio suris AB, following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 24.5 of the Listing Rules of AB NASDAQ OMX Vilnius, discloses its compliance with the Corporate Governance Code for the Companies Listed on NASDAQ OMX Vilnius, and its specific provisions.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLIC ABLE	COMMENTARY
Principle I: Basic Provisions The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	The Company announces its development strategy and objectives publicly in its annual reports and interim reports which are submitted via the central base of regulated information and the company's website.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	The Company's managing bodies act in furtherance of the strategic plan according to which the mission is to form a strong, financially sound and technically modern enterprise creating and constantly increasing its value for shareholders.
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain	Yes	As the Company does not have a supervisory body – a Supervisory Board, the function of supervision is acted by the Audit Committee, as

maximum benefit for the company and its shareholders.		well as the Board of Directors and the Company's manager in the manner of close cooperation (the Company's manager, and members of the Board when needed, are invited to participate at the meetings of the Audit Committee. They submit reports on the company's performance, implementation of strategic plan and budgeting, provide recommendations for the financial reporting), which benefits to both the Company and shareholders.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	The Company's Board of Directors and managing bodies ensure the rights and interests of shareholders, employees, raw material suppliers are duly respected, also financial aid is provided. Employees can enjoy opportunities to improve their qualification at various seminars and courses in Lithuania and abroad. The Company closely cooperates with raw milk suppliers – financial support is provided to develop dairy farms, arrange some targeted trainings and seminars for farmers in order to enhance their knowledge of foodstuff preparation, animal breeding, promotion of organic farming.
Principle II: The corporate governance framework The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.		
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	No	The Company's managing bodies are a general shareholders' meeting, the Board of Directors and the Chief Executive Officer. The Company does not have a collegial supervisory body, and its functions are overtaken by the Board of Directors. The Company's CEO is accountable to the Board of Directors.

2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	Yes	Functions of the collegial management body are carried out by the Board of Directors.
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	No	<p>The Company has only one collegial management body and it is the Board of Directors.</p> <p>Shareholders of the company delegate all managerial function to the Collegial Body – The Board of Directors. They believe that one collegial body is sufficient to have effective management of the company.</p>
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.	Yes	The Company has a collegial management body – the Board of Directors. Principles III and IV of the Code are applied to the Board of Directors which do not contradict with the functions assigned to the Board of Directors.
2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.	Yes	According to the Articles of Association the Board of Directors consists of 5 members. Currently there are 4 Board members. One seat is vacant and it is expected for an independent candidate. As soon as the company's shareholders find an independent Board member, he/she will be introduced for election. The Company believes that 5 members are able to ensure productive work of the Board of Directors enabling to adopt resolutions and it is assumed that an individual member or small group do not dominate the decisions of the Board of Directors. Every Board member has one vote.
2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional	Yes	According to the Articles of the Association the Board of Directors is elected for the 4 year period. Number of cadencies is not limited. A possibility to resign or remove a member of the Board of Directors is regulated by the Lithuanian

experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.		legislation – a Board member may resign before his/her cadency is ended if the company is informed about it in written not later than 14 days in advance. A Board member may be recalled by the same institution which elected, i.e. general meeting of shareholders.
2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to depart from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	No	The Company's Board Chairman is not the Chief Executive Officer, but he is a director of daughter company.
Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies.		
3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.	Yes	Only 1 Member of the Board of Directors of total 4 is a shareholder of the Company. Other members are not shareholders. Minor shareholders are not limited in their right to represent their interests and have their representative on the Board of Directors. Pursuing the resolution of general meeting of shareholders according to the Law on Joint Stock Companies the Board members are provided remuneration in the form of tantiemes
3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should	Yes	Information about the members of the Board of Directors (names, education, qualifications, professional experience, participation in the activities of other companies, other important

be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.		professional obligations) is provided in the periodical reports.
3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.	Yes	A candidate to the members of the Board inform general meeting of shareholders about his/ her education, professional performance, position and participation in the activities of other companies. Members of the Board provide information on the participation in qualification programs related with activities on the Board.
3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the desired composition of the collegial body shall be determined with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies. At least one of the members of the remuneration committee should have knowledge of and experience in the field of remuneration policy.	Yes	<p>The members of Company's collegial body – the Board of Directors – are the Company's Functional Directors leading some specific areas of the Company's performance, they are competent and qualified to maintain their functions.</p> <p>The Audit Committee consists of 3 members, one of which is independent and has at least 5 year experience in accounting. Other members of the Audit Committee are also qualified to maintain their functions. The Auditing Committee carries out independent and objective activities analyzing, evaluating and consulting the Company in order to improve the Company's performance and increase its added value.</p>
3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual	No	All new Board members are informed on the Company's performance, organization and changes in the meetings of the Board of

review to identify fields where its members need to update their skills and knowledge.		Directors.
3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient number of independent members.	No	Currently there are no independent members on the Board of Directors, however there is one seat left for an independent member of the Board.
<p>3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependent are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following:</p> <p>1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years;</p> <p>2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees;</p> <p>3) He/she is not receiving or has been not receiving significant additional remuneration from the</p>	No	<p>As from 1995 until 2006, the greatest part of the Board of the Company was made of independent members. When the structure of shareholders changed, and the Board of Directors resigned, the new members were elected, and they do not comply with the Code's independency criteria.</p> <p>The function of Collegial Body to elect/nominate management is assigned to the General Meeting of Shareholders. Consequently, their decisions determine independency of the Collegial Body.</p>

<p>company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations);</p> <p>4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1);</p> <p>5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization receiving significant payments from the company or its group;</p> <p>6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company;</p> <p>7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or</p>		
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<p>bodies;</p> <p>8) He/she has not been in the position of a member of the collegial body for over than 12 years;</p> <p>9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.</p>		
<p>3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.</p>		
<p>3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.</p>	No	<p>At present, there are no members who comply with the independency criteria.</p>
<p>3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-</p>	No	<p>At present, there are no members who comply with the independency criteria. Within 2014, no other group of shareholders having no relations with the company's management have, not raised a will to have their member on the Company's Board, so they didn't offer a candidacy.</p> <p>Presently, it is expected to receive a proposal in</p>

confirmed.		regards with an independent Board member.
3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds. The general shareholders' meeting should approve the amount of such remuneration.	No	At present, there are no members who comply with the independency criteria.
Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring of the company's management bodies and protection of interests of all the company's shareholders.		
4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.	Yes	The Board of Directors approves and submits reciprocations and recommendations to a general meeting of shareholders regarding annual accountability of the Company, distribution of the profit, annual report of the Company, as well as carries out other functions.
4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).	Yes	By the Company's information, all Board members should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders. They are guided by the Company's interests but not their own or any third parties seeking to maintain their independence in decision-making, and they do not accept any unjustified privileges that would compromise their independence.

<p>4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.</p>	<p>Yes</p>	<p>Each member of the collegial body fulfills his/her functions properly: actively participates at the meetings of collegial body, and devotes sufficient time to perform his/ her duties as a member of the collegial body. The quorum of each meeting was regulated so the Board of Directors would be enabled to accept decisions constructively. In 2013, there were 9 meetings of the Board. All Board meetings were participated by all members of the Board.</p>
<p>4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.</p>	<p>Yes</p>	<p>The Company acts honestly and without bias with its shareholders. The shareholders are informed on the Company's activities in accordance with the Lithuanian legislation by announcing the information in annual reports, through the Central information base and the company's website.</p>
<p>4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.</p>	<p>Yes</p>	<p>The Company's collegial body concludes transactions according to the Articles of Association of the Company and Work regulations of the collegial body.</p>
<p>4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the</p>	<p>No</p>	<p>The Company's Board members are not independent from the Executive management of the Company. All four board members are the company's employees. There is one seat left for an independent member. The Board of Directors pursues the Work Regulations of the Board in order to pass decisions. They work for benefit of</p>

<p>collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that the consultant concerned does not at the same time advise the human resources department, executive directors or collegial management organs of the company concerned.</p>		<p>the Company, and ensure continuous rise of shareholder value.</p> <p>The Company ensures that the collegial body – the Board of Directors – is provided with sufficient resources (including financial) to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees.</p> <p>The Remuneration Committee is not formed at the Company.</p>
<p>4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the</p>	<p>Yes/No</p>	<p>Pursuing the Law on Audit Article 52 part 1, the Company established the Audit Committee complying with the 21st August 2008 Resolution No. 1K-18 of the Securities Commission. Following the above requirements, the 24th April 2009 general meeting of shareholders approved Regulations of establishment and performance of the Audit Committee, also it elected an independent member of the committee, and approved full composition of the Audit Committee. The 26 April 2013 General Meeting of Shareholders elected the same members of the Audit Committee for further four year cadence.</p> <p>The Audit Committee is an independent, and objective committee carrying out the functions of supervision, analyzing, evaluation and consultation in order to improve general organization and create value added. The main function of the Committee is systematic and versatile evaluation, as well as encouragement of better risk management, and sufficient control and maintenance procedures resulting in submission of recommendations to the Board of Directors and management.</p> <p>The nomination and remuneration committees are</p>

<p>collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.</p>		<p>not formed at the Company.</p>
<p>4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should exercise independent judgment and integrity when exercising its functions as well as present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.</p>	<p>No</p>	<p>The elected Audit Committee pursues the Regulations of the Audit Committee, including supervision of preparation of financial accounts, as well as functional internal control of the company, risk management and internal audit system, consequently the Committee will submit recommendations to the general meeting of shareholders in relation with the company's annual financial accounting and related matters. The collegial body remains fully responsible for the decisions made within its competence and adopts final decisions.</p>
<p>4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.</p>	<p>Yes</p>	<p>The Audit Committee consists of 3 members, one of which is an independent member.</p>

<p>4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.</p>	<p>Yes</p>	<p>The Audit Committee pursues its duties following the work regulations approved by the general meeting of shareholders. The Committee is accountable to the general meeting of shareholders providing the information on its performance and results as well as the independence of auditing procedure.</p> <p>Every year the Audit Committee submits annual report to the General Meeting of Shareholders. The Company meanwhile provides information in its annual report on the composition of the committee, number of meetings and their attendance by the members, and also the key performance directions.</p>
<p>4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.</p>	<p>Yes</p>	<p>The Audit Committee will invite the CEO of the Company as well as other employees related with the discussed issues to their meetings. Also, the Chairman of the Committee is provided with the right to communicate with shareholders.</p>
<p>4.12. Nomination Committee.</p> <p>4.12.1. Key functions of the nomination committee should be the following:</p> <ul style="list-style-type: none"> Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body 	<p>No</p>	<p>There is not a Nomination Committee in the Company.</p>

<p>delegated by the shareholders of the company;</p> <ul style="list-style-type: none"> • Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; • Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; • Properly consider issues related to succession planning; • Review the policy of the management bodies for selection and appointment of senior management. <p>4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.</p>		
<p>4.13. Remuneration Committee.</p> <p>4.13.1. Key functions of the remuneration committee should be the following:</p> <ul style="list-style-type: none"> • Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body; 	No	<p>There is not a Remuneration Committee in the Company.</p> <p>The Company has established the remuneration policy covering all forms of remuneration including fixed wages and payoffs based on results, retirement modules, and redundancy pays.</p>

<ul style="list-style-type: none"> • Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies; • Ensure that remuneration of individual executive directors or members of management body is proportionate to the remuneration of other executive directors or members of management body and other staff members of the company; • Periodically review the remuneration policy for executive directors or members of management body, including the policy regarding share-based remuneration, and its implementation; • Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies; • Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors); • Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies. <p>4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should:</p> <ul style="list-style-type: none"> • Consider general policy regarding the granting of the 		
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<p>above mentioned schemes, in particular stock options, and make any related proposals to the collegial body;</p> <ul style="list-style-type: none"> • Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; • Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has. <p>4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.</p> <p>4.13.4. The remuneration committee should report on the exercise of its functions to the shareholders and be present at the annual general meeting for this purpose.</p>		
<p>4.14. Audit Committee.</p> <p>4.14.1. Key functions of the audit committee should be the following:</p> <ul style="list-style-type: none"> • Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); • At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; • Ensure the efficiency of the internal audit function, 	Yes	<p>The Audit Committee is independent, objective committee carrying out the functions of supervision, analyzing, evaluation and consultation in order to improve general organization and create value added. The key function of the Committee is systematic and versatile evaluation, as well as encouragement of better risk management, and sufficient control and maintenance procedures resulting in submission of recommendations to the general meeting of shareholders and the board of directors in order to implement set objectives.</p> <p>The Audit Committee analyses the consolidated financial information and provide their recommendations for the integrity of such information, the Committee make their recommendations regarding selection of the</p>

<p>among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually;</p> <ul style="list-style-type: none"> • Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations; • Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee; • Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter. <p>4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit</p>	<p>external auditor and inspects effectiveness of the external auditor's performance as well as the reaction of the Company's management to their recommendations which are provided by the letter to the management.</p> <p>All members of the committee are furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management informs the Audit Committee of the methods used to account for significant and unusual transactions.</p> <p>The Audit Committee has a right to demand that the Board Chairman, Chief Executive Officer of the company, Chief Financial Officer would participate at its meetings. The committee is also entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present.</p> <p>The Audit Committee will present its performance report for the general meeting of shareholders, when the annual financial reports are being approved.</p>
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<p>committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.</p> <p>4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present.</p> <p>4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors.</p> <p>4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit.</p> <p>4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these</p>		
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issues and for appropriate follow-up action.		
4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.		
4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.	No	There is no practice of collegial body assessment.
Principle V: The working procedure of the company's collegial bodies The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.		
5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.	Yes	The Company's Board of Directors is chaired by the Board Chairman acting in accordance with the approved Work Regulations. The Board Chairman is responsible for sufficient information about the meeting being convened and its agenda communication to all members of the body. He/she also ensures order and working atmosphere during the meeting.
5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the	Yes	The company's collegial bodies should be carried out according to the schedule approved in

<p>schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month.</p>		<p>advance at certain intervals of time, i.e. not less than once per three month period.</p> <p>5 (five) days prior a meeting each Board member is provided with the announcement of the meeting to be convened and its agenda. Planned Board meetings are convened by the Board Chairman, in his absence – the Deputy Board Chairman.</p>
<p>5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.</p>	Yes	<p>5 (five) days prior a meeting each Board member is provided with the announcement of the meeting to be convened and its agenda. Planned Board meetings are convened by the Board Chairman, in his absence – the Deputy Board Chairman.</p> <p>The agenda might be supplemented only if all members of the Board of Directors present at the meeting, and they all agree that the item is important enough to be put on the agenda.</p>
<p>5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.</p>	No	<p>The Company does not have a Supervisory Board and this statement is not applied.</p>
<p>Principle VI: The equitable treatment of shareholders and shareholder rights</p> <p>The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.</p>		
<p>6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their</p>	Yes	<p>As at 31st December 2014, the authorized capital of AB Rokiskio suris amounted up to 35,867,970 ordinary registered shares. Nominal value of the</p>

holders.		shares amounts to LTL 1. All company's owners have the same property and non-property rights, except treasury shares are not entitled to enjoy these rights. The company had bought 802,094 treasury shares which made 2.24 per cent of the company's authorized capital. The shares with voting right equals to 35,065,876.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Yes	Investors have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance.
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting. All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	No	According to the Articles of Association of the Company, important transactions, i.e. the decisions regarding investment, transference, lease or mortgage of non-current assets whose book value makes over 1/5 of the Company's Authorized Capital, as well as the decisions regarding execution, warranty or pledge of other bodies' liabilities whose total sum is over 1/5 of the Company's Authorized Capital, and the decisions to acquire non-current assets whose price is over 1/5 of the Company's Authorized Capital, do not require approbation by shareholders. Such resolutions (according to the Articles of Association) are approved by the Board of Directors.
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders.	Yes	Shareholder meetings are held in the company's office in Rokiskis, Pramonės str. 3. Usually, general meetings of shareholders are held on the last Friday of April. In 2014, general meeting of shareholders was held on 25 th April 2014.
6.5. It is possible, in order to ensure shareholders living abroad the right to access to the information, it is recommended that documents on the course of the general shareholders' meeting should be placed on the publicly accessible website of the company not only in Lithuanian	Yes	The documents prepared for General meeting of shareholders including draft resolutions of the meeting are available not later than 21 day prior the date of general meeting of shareholders as required by the Law on Joint stock companies.

language, but in English and /or other foreign languages in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in Lithuanian, English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.		<p>The documents placed on the website of NASDAQ OMX Vilnius security exchange and the company website are available in Lithuanian and English languages.</p> <p>Resolutions accepted by the general meeting of shareholders including financial reports, the audit report, annual report, amendments of articles of association etc. are announce in Lithuanian and English languages are announced via the central base of regulated information of NASDAQ OMX Vilnius security exchange and the company website www.rokiskio.com</p>
6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	Shareholders of the company have the right to participate at general meeting of shareholders personally or appoint a representative if there is a proper Power of Attorney or Agreement to pass votes according to the applicable legislation. Also, the Company provides its shareholders with the right to fill in a common voting bulletin as it is required by the Law on Joint Stock Companies.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies by allowing the shareholders to participate and vote in general meetings via electronic means of communication. In such cases security of transmitted information and a possibility to identify the identity of the participating and voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially shareholders living abroad, with the opportunity to watch shareholder meetings by means of modern technologies.	No	This statement is not followed by the Company because there is not an opportunity to secure safety of the transmitted information and it is impossible to identify personality of the participator and voter.

Principle VII: The avoidance of conflicts of interest and their disclosure

The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.

<p>7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.</p>	<p>Yes</p>	<p>Management bodies conduct in a way to ensure there is no personal interest conflicts. There have not been any such situations so far.</p>
<p>7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.</p>	<p>Yes</p>	
<p>7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.</p>	<p>Yes</p>	<p>The company follows the recommendation. A Board member abstains from voting, when discussing the transactions or other issues in which he/ she has certain interests.</p>
<p>7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.</p>	<p>Yes</p>	<p>The company follows the recommendation. A Board member abstains from voting, when discussing the transactions or other issues in which he/ she has certain interests.</p>

Principle VIII: Company's remuneration policy

Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.

8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement) which should be clear and easily understandable. This remuneration statement should be published as a part of the company's annual statement as well as posted on the company's website.	No	The company does not announce any reports on the remuneration system because it is regarded to be an internal confidential document. General information on the remuneration politics, average wages of the Company employees according to groups and total annual payouts to the Company's top management are publically announced in the Company's consolidated annual report.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	Yes	As from 2004 and up to date, the Company applies a remuneration system which conforms all the statements of this point. The system is approved by the Company's manager, but it is not announced publicly. Information on total annual payouts to the Company's top management are publically announced in the Company's consolidated annual report and consolidated financial accounts.
8.3. Remuneration statement should leastwise include the following information: • Explanation of the relative importance of the variable and non-variable components of directors' remuneration; • Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; • An explanation how the choice of performance criteria contributes to the long-term interests of the company; • An explanation of the methods, applied in order to determine whether performance criteria have been	No	As there is not a Remuneration Committee, the statements are not determined.

<p>fulfilled;</p> <ul style="list-style-type: none"> • Sufficient information on deferment periods with regard to variable components of remuneration; • Sufficient information on the linkage between the remuneration and performance; • The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; • Sufficient information on the policy regarding termination payments; • Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code; • Sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code; • Sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned; • A description of the main characteristics of supplementary pension or early retirement schemes for directors; • Remuneration statement should not include commercially sensitive information. 		
<p>8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.</p>	<p>No</p>	<p>The company does not announce any information on remuneration amounts or any other benefits received by the directors because the company believes this is a confidential information.</p>

<p>8.5. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year.</p> <p>8.5.1. The following remuneration and/or emoluments-related information should be disclosed:</p> <ul style="list-style-type: none"> • The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; • The remuneration and advantages received from any undertaking belonging to the same group; • The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; • If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; • Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; • Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. <p>8.5.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed:</p> <ul style="list-style-type: none"> • The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; 	<p>No</p>	
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<ul style="list-style-type: none"> • The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; • The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; • All changes in the terms and conditions of existing share options occurring during the financial year. <p>8.5.3. The following supplementary pension schemes-related information should be disclosed:</p> <ul style="list-style-type: none"> • When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; • When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. <p>8.5.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial report of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.</p>		
<p>8.6. Where the remuneration policy includes variable components of remuneration, companies should set limits on the variable component(s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met.</p>	Yes	<p>The Company applies the remuneration system according to which compensation for work consists of variable parts. The variable constituents are allocated to every function according to the overall functional management system.</p>
<p>8.7. Award of variable components of remuneration should be subject to predetermined and measurable performance criteria.</p>	Yes	<p>The variable constituents are allocated by the Company's management, taking into account the results of the Company's performance, number of</p>

		employees, market situation and other factors.
8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.	Yes	When a variable part of compensation is allocated, the biggest part of the payment of variable part of compensation is reserved to the first quarter.
8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.	No	The variable part of compensation is only paid when its validity is fully certain.
8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.	Yes	Termination payments are paid in accordance with the statements of Work Codex of the Republic of Lithuania article 140, and the statements of Corporate Agreement approved by the Company.
8.11. Termination payments should not be paid if the termination is due to inadequate performance.	Yes	Termination payments are not paid out if the job contract is terminated due to bad performance results.
8.12. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.	No	The company doesn't have any other remuneration system designed to the directors except the variable part of salary which depends on the company's performance results, market situation and other factors.
8.13. Shares should not vest for at least three years after their award.	No	Remuneration is not based on share award.
8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share	No	Remuneration is not based on share award.

options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable performance criteria.		
8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).	No	See point 8.13.
8.16. Remuneration of non-executive or supervisory directors should not include share options.	No	See point 8.13.
8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend general meetings where appropriate and make considered use of their votes regarding directors' remuneration.	No	Shareholders are encouraged to attend general meetings of shareholders, yet the meetings do not consider issues of the directors' remuneration system. It is considered to be a prerogative of the Board of Directors.
8.18. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.	No	See point 8.13.
8.19. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case	No	Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements are not determined at the Company.

shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.		
<p>8.20. The following issues should be subject to approval by the shareholders' annual general meeting:</p> <ul style="list-style-type: none"> • Grant of share-based schemes, including share options, to directors; • Determination of maximum number of shares and main conditions of share granting; • The term within which options can be exercised; • The conditions for any subsequent change in the exercise of the options, if permissible by law; • All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors. 	No	Schemes anticipating remuneration of directors in shares are not determined at the Company.
8.21. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.	No	There are no share subscription transactions or grants based on share price fluctuation.
8.22. Provisions of Articles 8.19 and 8.20 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.	No	The employees of the company and subsidiaries do not get remuneration with shares.
8.23. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.19, the	No	See point 8.19.

<p>shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.</p>		
<p>Principle IX: The role of stakeholders in corporate governance</p> <p>The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.</p>		
<p>9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.</p>	<p>Yes</p>	<p>The corporate governance framework assures the rights of stakeholders that are protected by law are respected. The company applies a Corporate Contract with employees, and the contract is signed by the CEO and Trade Union. Also it is ensured the interest holders are able to participate in governance. For example, participation of the company's employees and raw milk suppliers in the company's Capital. The greatest part of shareholders is the company's employees. The interest holders have the right to receive information required.</p>
<p>9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share</p>		

capital; creditor involvement in governance in the context		
of the company's insolvency, etc.		
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.		
Principle X: Information disclosure and transparency The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.		
10.1. The company should disclose information on: <ul style="list-style-type: none"> • The financial and operating results of the company; • Company objectives; • Persons holding by the right of ownership or in control of a block of shares in the company; • Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; • Material foreseeable risk factors; • Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; • Material issues regarding employees and other stakeholders; • Governance structures and strategy. This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.	Yes	The company announces the information immediately via the central base of regulated information in both the Lithuanian and English languages simultaneously. The information is placed immediately so the information would be accessible to each shareholder simultaneously. In addition, the company when possible provides information before or after trading sessions of NASDAQ OMX Vilnius in order to ensure all shareholders and investors of the Company would have equal opportunities to get the information needed to make appropriate investment decisions. The company does not disclose any information possibly influencing share price prior it is announced publicly via the central data base of the regulated information.
10.2. It is recommended to the company, which is the parent of other companies, that consolidated results of the	Yes	The Company's consolidated annual reports and consolidated financial accounts disclose

<p>whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.</p>		<p>information on the annual payments to employees, total sums annually paid to the top management and amount of tantiemes paid to the Board members.</p>
<p>10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.</p>		<p>The company's annual reports include information about the activities of Board members, participation in the activities of other companies as well as the amount of shares of the company owned by the members. Also, there is information about the average payment amounts.</p>
<p>10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.</p>	<p>Yes</p>	<p>Also, consolidated report includes information if the Board of Directors or top management were granted any loans, guarantees or support, as well as the information on any payments received for the work done at the collegial body.</p>
<p>10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.</p>	<p>Yes</p>	<p>The company announces the information immediately via the central base of regulated information in both the Lithuanian and English languages. The information is placed immediately so the information would be accessible to each shareholder simultaneously. In addition, the company when possible provides information before or after trading sessions of NASDAQ OMX Vilnius in order to ensure all shareholders and investors of the Company would have equal opportunities to get the information needed to make appropriate investment decisions. The company does not disclose any information possibly influencing share price prior it is</p>

		announced publicly via the central data base of the regulated information.
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient or in cases provided by the legal acts free of charge access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	Yes	In the company's website, the company publishes all its reports which are placed in the central information base in Lithuanian and English, including the Company's annual report, a set of financial statements and other periodical reports prepared by the Company, as well as other stock events.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	Yes	In the company's website, the company publishes all its reports which are placed in the central information base in Lithuanian and English, including the Company's annual report, a set of financial statements and other periodical reports prepared by the Company, as well as other stock events.
Principle XI: The selection of the company's auditor The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.		
11.1. An annual audit of the company's financial reports and interim reports should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	Yes	An independent audit company performs auditing of the Company's and its subsidiaries individual and consolidated (the group) annual financial reports in accordance with International Accounting Standards applicable in the EU. An independent auditing company also evaluates conformity of annual report to the audited financial statements.
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	Yes	The Board of Directors proposes an auditing firm to the general meeting of shareholders.
11.3. It is recommended that the company should disclose	Yes	The Audit Company has been paid for the service

<p>to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.</p>		<p>to supervise tax management. Such information shall be provided to the general meeting of shareholders.</p>
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